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6 July 1982

WEST EUROPE REPORT

No. 1993

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BAHR CALLS FOR NO NUCLEAR ARMS IN NONNUCLEAR STATES

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 24 May 82 pp 1, 2

[Text] SPD leader Bahr spoke out against abandoning the current NATO strategy of "flexible response"--which threatens an aggressor with the employment of conventional weapons as well as tactical or strategic nuclear weapons--; against any withdrawal of West Germany from its alliance with the United States and against renouncing the threat of a nuclear first strike against aggressors. Bahr's remarks were made on the occasion of his being awarded the "Gustav Heinemann Citizen's Prize" at a ceremony in Rastatt. Bahr stated that this was intended as a "contribution to the discussion of strategy." He recommended an agreement between East and West that could lead to the following: first, that all nuclear weapons would be withdrawn from those European states which do not possess their own nuclear arsenal; second, that an approximate balance of conventional forces be established between NATO and the Warsaw Pact and third, that the two alliances, NATO and the Warsaw Pact, continue to exist with their present obligations and guarantees.

Bahr urgently warned against abandoning the present concept upon which military security is based before a new one is accepted. "As long as there is no new strategy, the old one remains in force. No substantial unilateral action can create additional security for us," which also means that "the Federal Republic can only find its security within NATO and in alliance with the United States and it means the opposite of 'somebody else, not me'." Joint security cannot mean either total disarmament or pacificism. Joint security must also be attentive to anything that appears likely to uncouple Europe's fate from that of the United States or to impose upon us or the United States the possibility of unequal risks." It is at this point that the discussion of renouncing a nuclear first strike should begin. "I can accept renouncing a nuclear first strike policy if I have an approximately equal balance of conventional forces on both sides, not before. I am coming to the conclusion that the current strategy must remain in force for as long as there is no balance of conventional forces and as long as such a balance is not assured by inspection," said Bahr.

Efforts to make a nuclear war impossible, stated Bahr, have a high priority in his eyes. "Such a priority, in my opinion, must be high enough to be able to say yes to the consequences. We must be prepared to spend more money for conventional armaments if this were the only road to take. Here

you have to know what your priorities are." At the time Bahr recommended trying to establish an approximate conventional balance with the Warsaw Pact through disarmament negotiations. In undertaking this it would be necessary to go beyond the regional limitations that now apply for the MBFR negotiations.

Bahr criticized the idea of a nuclear-weapon-free Europe. It would be only an illusion because none of the four nuclear powers in Europe (the United States, France, Great Britain and the Soviet Union) would be willing to get rid of their own nuclear weapons. Bahr additionally criticized this demand, citing that it was only the risk of a nuclear war that made a conventional war in Europe unacceptable. He termed it a nightmare to imagine "100 to 200 divisions slugging it out with each other with the certainty that the territories of the two superpowers would not be affected."

Within the area so demarcated Bahr sees only the possibility of making his three-point proposal for assuring joint security. By withdrawing nuclear weapons to the territories of those states which possess them, although Europe would not be free of nuclear weapons, a nuclear-free zone would be created under the protection of those powers which do possess nuclear weapons of various ranges capable of being employed in the event of conflict. Yet, asserts Bahr, the danger of escalation will be reduced because "where there are no dangerous targets, the employment of dangerous weapons becomes pointless."

The condition for creation of a nuclear-free zone, however, would be the creation of a conventional balance of forces, because neither side could be allowed to possess an advantage over the other. It would also be indispensable that the alliances be maintained with their principle that the violation of the borders of any one member would be regarded as a violation of all. In doing so, it must be borne in mind by all parties that in the event of war "nuclear weapons will be aimed at Europe and put to use." The difference between this and the present situation, said Bahr, was that "there would be no targets in the nuclear-free zone that could invite a nuclear attack. But all parties must be aware that no joint security can exist which renounces that nuclear umbrella which is at the same time a nuclear threat."

9878

CSO: 3103/496

CDU'S WOERNER, CSU'S ZIMMERMANN DIFFER ON NATO STRATEGY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 May 82 p 4

[Article by Karl Feldmeyer: "Zimmermann's Criticism of SPD Directed Against Woerner"]

[Text] Bonn, 28 May--The debate on NATO strategy has led to a CDU/CSU debate as to what is needed for the security of the Federal Republic. Thus differences of opinion on security policy are present not only in the coalition parties. The split is--as always in the CDU/CSU--to be found in persons: on the one side, Woerner, on the other, Zimmermann. The Controversy began a week ago when Woerner, deputy chairman and security policy spokesman of the parliamentary party faction, published a plan for the "active safeguarding of peace." He made suggestions on how the present NATO strategy, "flexible response"--the strategy of the suitable reaction--could maintain the credibility of its deterrent character.

The "strategy of flexible response" is defined as the intention of the Western alliance to desire and to be able to fight with all means that seem appropriate to ward off the attack; on the one hand, these means must be sufficient to prevent the enemy's success and to repel him, but on the other hand, they should not be inappropriately extensive. This means that NATO does not want to be forced to have to retaliate with nuclear weapons against a limited attack. In any event, NATO, if attacked wants to leave open the extent and nature of its reaction. An attacker must never know what to expect, so that he will not be able to exclude the possibility of a nuclear counterattack. The desired deterrent lies precisely in the unpredictability of the threatened reaction, so that a political opponent is prevented from becoming a military aggressor.

Whoever wants to follow this policy must naturally have the necessary equipment, and precisely herein lies the difficulty. The Soviet Union's armament, in the opinion of the experts, has led to an oppressive conventional Russian superiority. This threat makes the West seriously doubt whether it could, with conventional forces, stop and fend off even for days a conventional Soviet attack. For the experts, this then lends a nightmare quality to the idea that it is necessary to meet an attacker with nuclear weapons. They think that it is no longer a question of whether NATO could be forced to the strike with nuclear weapons; they are afraid of the necessity of having to decide within hours at the beginning of a Soviet attack between the need for nuclear weapons and defeat.

The U.S. President decides on the release of nuclear weapons. The procedure for this has been gone through time and again; the time from the request for release to the decision is well known. At least 24 hours are necessary. One can see how insufficient the experts--political no less than military--consider the conventional defense forces of NATO to be in the face of the gigantic force against them. They are worried that the time for decision in Washington could be overtaken by the rush of events.

On this basis, Woerner made suggestions a week ago for the strengthening of NATO's conventional defense capability, not so that the first strike with nuclear weapons can be given up entirely, but so that the decision will not have to be made in the first hours of an attack; above all, however, to ensure the credibility and thereby the deterrent value of NATO.

Woerner's suggestion provides for the Bundeswehr, which will remain at its present size of 500,000 men, to be equipped with "smart" weapons that either have been newly developed, or still being developed. For this, zone fire weapons such as the multiple rocket launcher and the "multipurpose Weapon 1" (MW1) that is being developed for the "Tornado," are necessary, as well as types of ammunition whose sensors can detect and head for targets--tanks, for example. The acquisition of such systems, according to Woerner, will not only strengthen conventional defense forces and thus raise the "nuclear threshold," it will also allow for the possibility of replacing a large part of the tactical nuclear weapons at present being held in readiness to balance conventional deficiencies. A "massive reduction" of tactical nuclear weapons--they make up two-thirds of the approximately 6,000 nuclear weapons stored in Europe--is judged by Woerner to be desirable because he feels their destructure effect has "more the character of a self-deterrent than that of a deterrent to the enemy." The strengthening of the conventional defense capability that Woerner would like to attain in the next 10 years will cost a lot of money, however; at least an additional billion marks a year, according to calculations.

Early this week there was criticism of these ideas in party headquarters coming from the CSU and its Land group leader, Zimmermann. The ostensible cause for the criticism was that Woerner had made his ideas public without seeking sufficient coordination within the party. The strong counter argument appeared in an article by Zimmermann in the latest edition of the BAYERN-KURIER. What he presents there amounts to counter-theses to Woerner's ideas--even though Zimmermann outwardly lectures the SPD, his real opponent is named Woerner.

Zimmermann says that today war is possible in the Falkland Islands, but not in Europe, because the nuclear risk forbids it here, and he says that this shows the "peace-keeping function" of nuclear weapons and the strategy of prevention of war based on them. Not only does he conclude from this that giving up the threat of the first strike with nuclear weapons would be "suicidal" for NATO, he goes further: "Giving up short-range nuclear weapons" would be an "intolerable risk." He even says: "Every nuclear weapon less makes a possible attack more calculable for the Soviet Union, and the result could be Afghanistan or the Falklands." This directly attacks Woerner's presentation.

Zimmermann avoids any judgment of his own on whether conventional NATO defense capability should be strengthened, or whether it is sufficient. Instead, he makes the revealing remark: "Let the SPD politician who dares demand more money for the Bundeswehr step forward." Then he adds: "In fact, this would mean double-digit amounts of billions." Only at the end of the article and again in the argument with the SPD and its wish for fewer nuclear weapons in Europe does Zimmermann reveal his own opinion: "But the necessary consequence (of the reduction of nuclear weapons), a massive conventional armament of the Bundeswehr, will be possible neither financially or in personnel." This is a remarkable statement for a politician of the opposition who has been accusing the government for years of neglecting necessary measures for the security of the country.

The impression that here we have two politicians facing one another, both of whom consider themselves good prospects for defense minister, is certainly not unfounded. Beyond the personal viewpoints, however, a beginning has been made for a discussion of security policy. To be sure, money plays a central role, but the opposition will have to commit itself on the question of whether or not it considers an increased conventional defense capability to be necessary.

9124

CSO: 3103/486

COLONEL DISCUSSES AMERICAN ANTI-MISSILE 'HIGH FRONTIER' PLAN

Paris DEFENSE NATIONALE in French May 82 pp 5-18

[Article by Colonel Marc Geneste: "Defense's Revenge? The 'High Frontier' Project"]

[Text] Colonel Marc Geneste, vice president of the CESTE [Association for Studies of Total Strategies], is far from being an unknown to the readers of DEFENSE NATIONALE who will remember his articles in favor of the neutron weapon, the last of which appeared in our December 1979 issue. His familiarity with American circles concerning themselves with defense matters, however, positions him to address other topics as well, like the one he dealt with in March 1967 in our magazine and takes up again today: Anti-missile defense.

We take no responsibility for the opinions expressed by Colonel Geneste; they are entirely his own, particularly as regards deterrence and the consequences he feels would ensue from the putting in place of the system proposed by the "High Frontier" plan. His article is primarily a vehicle for making known one of the current avenues of thought across the Atlantic and for stimulating further thinking on the problem of anti-missile defense. Contrary to what the proponents of the plan seem to fear, its real obstacles are not solely to be found in "the inertia of the established order in the strategic, political and philosophic domain."

"We have missiles capable of killing a fly in space," said Nikita Krushchev at the beginning of the 1960's, in announcing the deployment around Moscow of the Galosh ABM's [antiballistic missiles], which are still there, totaling some 100 in number⁽¹⁾, a figure permitted by the SALT 1 agreement, in which the two superpowers mutually forbade the deployment of such defenses (though not research in this domain). The United States was at that time equipping itself

(1) Editor's Note: THE MILITARY BALANCE 1981-1982 gives the figure of 32 Galosh ABM.1's, 32 other sites being no longer operational.

with a formidable offensive arsenal (decided by Kennedy and MacNamara) of 1,000 Minutemen and 41 Polaris submarines, thus opening the strategic arms race that has not abated since, despite the SALT talks aimed at halting it...

In pursuit of the balance of terror, on which its security has been based since Hiroshima and which is presumed broken today in favor of the Soviets (who reacted to Minuteman, Polaris, Poseidon, MIRV [Multiple Independently Targetable Reentry Vehicle], with their SS-9, SS-18, SS-20, etc), the United States intends now to add to the powder barrel on which we are living the MX, Pershing II, cruise missiles and other offensive weapons that will add still more megatons to a stockpile that is already more than abundant to destroy all of civilization, in that it represents at this time several tons of TNT per inhabitant of the planet.(2)

It is against this strange conception of a security based on a multiplicity of offensive weapons, on nuclear terror and on a deadlock on defense, that a group of American experts--and not of lesser ones--headed by General Graham has recently reacted. The group includes notably Arnold Kramish, formerly of the Manhattan Project, General Richardson, Robert Pfalzgraff, John Morse and a number of well known specialists from all the space disciplines. They have just published, on 3 March, their plan, baptized "High Frontier," the implementation of which would upset the bases underlying current American strategy. This is in fact its stated objective.

"High Frontier's" statement of its underlying reasons and objectives reads as follows:

"The United States has a historic, though fleeting, opportunity to take its destiny back into its own hands. The military and economic trends that are now threatening the free world can be reversed, and confidence reestablished in the future of political and economic systems based on freedom.

"For this, it suffices to seize upon the advantage now being conferred upon us by our superiority in the realm of space techniques. We can free ourselves of the disastrous "Balance of Terror" doctrines by deploying defenses in space, confounding the prophets of evil and opening space to industrialization.

"But to seize this historic opportunity, there must be the political will to break with the past; to reject totally the doctrines that have failed; to fight bureaucratic inertia; and to face courageously, and without faltering, the wave of indignation that is bound to set us all, the ideologues at home and abroad, over against each other. The technology is available; the costs are not beyond our means; and there is no other solution for our future security.

"The object of the "High Frontier" plan is to offer a strategic option that takes maximum advantage of our space technology to achieve the following goals:

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- (2) Editor's Note: The author here seems to attribute to the Americans alone the responsibility for the arms race, which is highly arguable!

- 1) Nullify the growing threat of Soviet nuclear power against the United States and its allies;
- 2) Replace the disastrous "Mutual Assured Destruction (MAD)" doctrine with a strategy of "Assured Survival";
- 3) At one and the same time, offer security and open the formidable industrial and commercial potential of space to peaceful purposes."

As is evident, the plan is grandiose and seductive. A strategy of "assured survival" based on an effective defense is nonetheless more reassuring, from the standpoint of common sense, than the strategy of "assured destruction" that until now has based deterrence and peace on the alternative of a universal holocaust, the massive exchange of hostages. Fifteen years later, one finds in the United States the philosophy of Kosygin, who defended the principle of ABM defenses--strongly opposed by the Americans as destabilizing, and even aggressive--saying: "I fail to see why the deployment, in our own country, of missiles capable of saving one million Soviet lives should be more aggressive than the deployment of missiles capable of killing one million Americans."

The plan, therefore, would appear to be the revenge of defense, which has for so long been sacrificed in the West to the principle of deterrence through terror.

Let us however have a look at the major principles on which the "High Frontier" plan is based before attempting to draw any conclusions from a technological revolution that, if it is as realizable as its advocates claim it to be, is bound to give rise to a far-reaching politico-military debate, as did the "neutron bomb."

The 'High Frontier' Plan

Just as Kosygin expressed doubts regarding the reasoning of American intellectuals with respect to defense (anti-missile), President Nixon himself stated in 1969 that "no president of the United States has the right to deprive American citizens of similar defenses."

Nevertheless, 3 years later, in 1972, the SALT I agreement⁽³⁾ banned defenses of this type, limiting them to 100 launchers for each side--a ridiculous figure intended merely to preserve what had already been deployed by each side.

Applauded throughout the world in the name of great principles, and made to look, by both sides, as the first triumph of "Arms Control," this agreement perhaps merely concealed a realization of impotence.

With the technology of the time, no then realizable ABM system, regardless of how prohibitive its price, could assure an effective defense. The operational

(3) Editor's Note: The Treaty of Moscow of 26 May 1972 on ABM's, unlike the other SALT I agreements, is permanent and reviewable every 5 years.

Spartan, Sprint and Galosh ABM's were land-based, both in the United States and the USSR. They were equipped with nuclear warheads, hence costly. Their effectiveness had been amply demonstrated when it was a matter of pitting rocket against single-warhead rocket, as in the early 1960's.

But the advent of MIRVs in the United States toward the end of the 1960's and in the USSR at the start of the 1970's, equipped with all sorts of chaffs, upset the equation. Land-based as it was, the ABM could not hope to intercept the attacking missile before the latter had traveled at least half its trajectory, that is, not before the latter had deployed in space its multiple heads and its chaffs. Even assuming 100 percent effectiveness, highly improbable at best, it would take theoretically some 10 defensive rockets to counter a single offensive one. The attack-defense "trade-off" was totally prohibitive.

The only way to "limit the damage" was to nip the enemy missiles in the bud, that is, in their silos, by a devastating counter-battery salvo (first strike), which would impart an enormous advantage to the first to strike and which explains the proliferation of ICBM's in their "anti-force" role.

For this reason alone, it became justifiable to say that in case of a serious crisis, "The fear of war might very well be the cause of a war." And hence, the offensive-missiles race on both sides, well beyond those needed to destroy the enemy's vitals but, from the standpoint of counter-battery missions, the only way to achieve a defense of sorts...provided one was the first to strike!

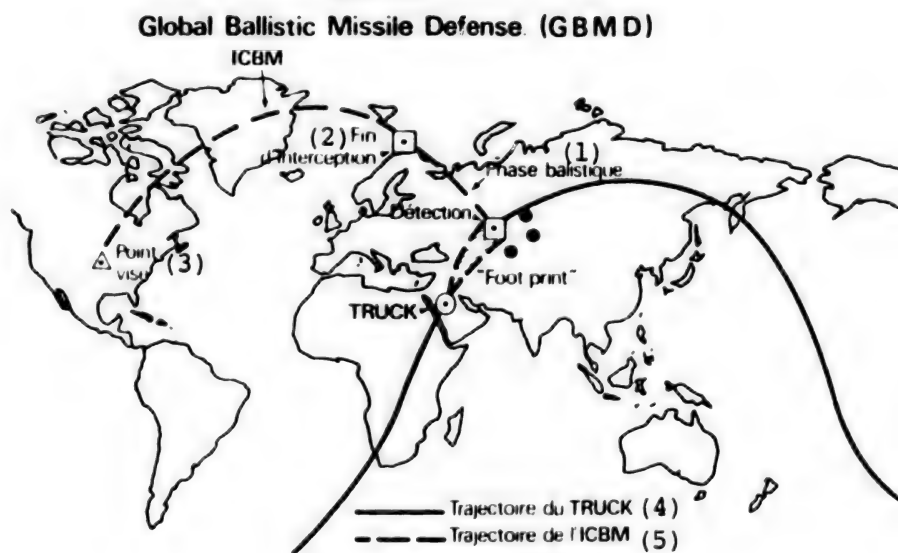
Vulnerability of Rockets

The problem had therefore to be thought out entirely anew, and that is what the "High Frontier" specialists have done.

The objective must be to destroy the attacking missiles after they have left their silos, where they are protected and vulnerable only to first-strike nuclear explosions, and before they have deployed their multiple warheads, hence during their propulsion phase, when these missiles are extremely vulnerable.

It suffices to have observed, on television, for example, the taking flight of the big rockets, and noted the number of failures, to realize that the least technical mishap will defeat the launching. At that critical moment, of several long minutes' duration, the least impact by the smallest projectile, or a small nearby explosion, are enough to send the rocket hurtling to the ground in flames. The object, therefore, must be to hit them at that moment, as one would a pigeon, thus requiring that one have a good huntsman within effective range at the moment of lift-off...

The only way to have a huntsman and rifle close enough to the target at the right time is to position them permanently in waiting, in space... This is what the "High Frontier" plan proposes as a "Global Ballistic Missile Defense" [GBMD].



Key:

1. Ballistic phase.
2. End of interception.
3. Target.
4. Truck trajectory.
5. ICBM trajectory.

But one must also be able to down those missiles that may have escaped the massacre in the stratosphere. In this case it is reentry vehicles that must be dealt with, which also are very fragile because of their extreme velocity. If they encounter any object whatever in their path, they literally impale themselves on it and are destroyed as a result of their velocity. It is this other aspect of the vulnerability of offensive missiles that "High Frontier" would exploit to protect sensitive points such as silos, aerodromes (possibly even surface ships?) and other sufficiently pinpointable targets.

GBMD

Using the new American MX ICBM⁽⁴⁾, "huntmen" would be placed in orbit in sufficient number to establish a round-the-clock surveillance of Soviet launching pads (already long since pinpointed by reconnaissance satellites) and of all the world's seas from which rockets could be launched by submarines. Launching pads have for a long time been pinpointable by SAMOS detection satellites, which use the considerable infrared emissions of rocket motors. Detection of an enemy launching is therefore no problem.

The number of huntmen (baptized "trucks") capable of intervening would be such that a massive salvo could be intercepted, each huntsman being individually armed with some 50 "rifles"--rockets that would home in on enemy ICBM's and IRBM's at the instant of lift-off--entirely "conventional" missiles not requiring (unlike the former ABM's) a nuclear warhead to kill their "game." The required technology already exists, according to "High Frontier," and can be put to use immediately without awaiting the development of laser or particle beam weapons--more exotic weapons that would subsequently replace the current ones if and when their perfection becomes possible and their effectiveness proven (an eventuality that the "High Frontier" people do not seem altogether convinced will come about in the very near future).

The accompanying figure shows the schematic of an interception. The huntsman in orbit, at around 300 nautical miles⁽⁵⁾ above the earth, would cover quite a vast zone of fire (footprint), and the network thus constituted would cover a sufficiently large fraction of space to ensure that each offensive missile can be gone after several times during its ascension and until the halfway point of its trajectory, before the "bus" can have released all its projectiles.

The exact number of "trucks" involved has been calculated at 432. This network of huntmen is considered capable of killing not only the ICBM's and IRBM's, including the famous Soviet SS-20's that are worrying so many Europeans, but also the satellite killers that have been developed by the Soviets and even other satellites.

In case of a massive attack, the number of "kill vehicles" would be sufficient to destroy, in principle, all attacking missiles. An automatic identification

(4) Editor's Note: The MX rocket alone would not be sufficient to orbit a satellite. It must be equipped with an additional stage.

(5) Or 555 kilometers.

system would "control traffic" to prevent the missiles from killing each other. The "trucks" of course would communicate among themselves to divide up the targets and to defend each other against possible attacks by antisatellite rockets and satellite killers.

This defensive system would be capable of reducing in very large measure the rocket threat that now hangs over the United States and its allies and, later, of policing space, which would then be open to industrial and commercial exploitation, thus providing, according to "High Frontier," an extremely promising fallout from this unprecedented military undertaking.

Remaining to be resolved, however, is the problem of the bombers and the cruise missiles, which "High Frontier" does not cover but which appears resolvable by other presently known means.

For the inspection and maintenance visits to such an unmanned space armada, a number of "space cruisers" derived from the Shuttle would be provided to transport the "maintenance crews."

Pinpoint Defense

Since no defense can ever be totally impenetrable, it must be anticipated that some projectiles will manage to pierce the "space shield."

Furthermore, it is a known fact that the Americans are currently obsessed by the possibility of a Soviet first strike, considered--rightly or wrongly--capable of eliminating their ICBM's in their silos, their bombers on the ground, and their submarine bases, leaving to the submarines alone, which are still invulnerable, the task of implementing a response, which could not be other than in the form of anti-city missiles (owing to the lack of precision of the missiles fired by submarines). Such a response would entail the destruction of the United States and of most of its inhabitants, who have no civil defense--unlike their adversaries.

This obsession--probably an exaggerated one--renders them fearful of a "vulnerability gap" in the years to come, and all sorts of astronomically costly solutions have been thought up to protect the deployments of their future MX's and their present Minutemen and Titans, which are the core of American strategic power.

It is planned to reinforce all the Minuteman silos to enable them to withstand nearby nuclear explosions. For the MX's, consideration has been given to having them circulate underground and surface only when called upon to fire, by breaking through the roofs of their tunnels. Consideration has also been given to multiplying the number of silos, only 1 in 20 of which would be occupied by a real missile by way of a perpetual "noria" to foil observation by the enemy.

All these solutions are undoubtedly workable, but the astronomical cost of these types of purely passive defenses can easily be imagined. Moreover, the populations of the states that would be involved are far from enthusiastic about having

them on their own soil. We recall that some 10 years ago, the nuclear-warhead-equipped Sprint missiles (one neutron bomb each) were starting to be deployed in Montana for this mission of close-by protection of silos, and that this very costly system (which would have produced nuclear explosions in the atmosphere directly over American territory) was abandoned after SALT I.

"High Frontier" proposes a radically different solution, one that appears to be extremely simple. It means merely taking advantage of the vulnerability of nuclear warheads at the moment they reenter the atmosphere at extremely high speed and are stripped of their chaff escorts. The smallest object in their path will cause them to explode. Thus, the proposal calls for sending out to meet and destroy them--at 1 or 2 miles⁽⁶⁾ from the point being defended--a cloud of pellets--"putting forth a shield," in effect, against which they will crash and blow themselves to bits.

Several equally "rustic" and cheap solutions have been proposed. One of these, the "Swarmjet" plan, would send out to meet the enemy warheads a cloud of tiny rockets, each weighing hardly more than 1 kg, using a "Stalin organ" of sorts to project a burst of several thousands of these micro-rockets.

Other solutions, however, are conceivable, such as, perhaps, the firing of a cluster of rapid-fire canons, or even heavy machine guns, aimed automatically by computers linked to very simple radars whose mission would be to track the warhead's trajectory to a point where it can no longer maneuver. According to "High Frontier," the blinding of the defense's radars by means of high-altitude nuclear explosions would no longer be a problem (?).

It would thus be possible initially to bridge the American ICBM "vulnerability gap" at an unbeatable price, since the defense of a silo--or of a sufficiently pinpointable object--would not cost, using "Swarmjet," more than \$2 to \$5 million.

Subsequently, this defense would supplement the GBMD, intercepting the warheads that have survived the space hunt. Since the interception would take place just a few kilometers from their target, "High Frontier's" proponents point out that what are actually nothing more than machine-gun bullets cannot be called ABM's. This, they say, would be nothing more than a sort of "dynamic hardening" of the targets, a mobile shield, and SALT I could therefore not be invoked to forbid them.

To the obvious question "Why has this not been thought of before?," "high Frontier" replies that solutions as rustic and as cheap as this could not be taken seriously by the bureaucracy and by the industrialists concerned with Pentagon contracts. Furthermore, adds General Graham jokingly, "ABM defense is a prerogative of the U. S. Army, which couldn't care less about defending the U. S.

(6) 1,800 or 3,600 meters.

Air Force's silos and is interested in more spectacular solutions!" The fact is that, if it suffices to put in place a sort of "ball trap" to do away with the (pinpointing) threat of H bombs, this devastating demythicizing of the absolute weapon must come as something of a shock to the scientific community... which will not appreciate a priori such irreverence.

Peaceful Fallouts

The "High Frontier" plan does not limit itself to anti-missile defense. It proposes to seriously open up the exploitation of space, starting from the progress that will have been achieved as a result of these military expenditures. Hence the name of the plan: "High Frontier."

Among the prospects offered by space that have long been studied, indeed costed in detail, we cite in passing the tapping of solar energy, for which an investment of \$12 billion would yield 5,000 megawatts to earth, or the equivalent of five nuclear power plants.

Overall Cost of the Plan

Built entirely upon existing technology, the "High Frontier" plan would cost, over the next 5 years, a total of around \$25 billion, of which only \$1.2 billion would be required for the close-range protection of 200 silos, considered sufficient to foil "first strike" plans and realizable in 2 years on a crash basis.

These figures, even if one doubles them--to take into account the optimism of "High Frontier's" proponents--appear to be extremely modest sums by comparison with the cost of deploying offensive systems, or with the American military budget for 1982, which is of the order of \$275 billion.

Conclusions

Is the "High Frontier" plan as realizable as its proponents claim?

From a technical standpoint it is difficult for a Frenchman to judge. It is hard to see, however, why it should be more difficult to intercept a missile in flight than to send two men and a vehicle to the other side of the moon, or to go out and photograph with stunning precision, in space and in time, and after a flight lasting years, all the planets of the solar system. This is what "High Frontier's" advocates, among whom are many who were responsible for the success of the Apollo program, also point out.

From a financial standpoint, their estimates appear extremely modest. But there again, it is pointed out that there are now thousands of satellites orbiting the earth without any of these efforts having ruined anyone financially, and that the introduction of the nuclear submarine system, from 1956 to 1960, was of a far greater order of magnitude, to say nothing of the conquest of the moon.

It is not technical or financial objections that could stand in the way of this grandiose project, which, moreover, is not all that new. The U. S. Air Force's "Bambi," 15 years ago, provided for the putting into orbit of rocket-seeking destroyers, when the United States was seriously considering BMD [Ballistic Missile Defense]."

The obstacle most feared by "High Frontier," on the other hand, is very definitely the inertia of the established order in the strategic, political and philosophical domain since Hiroshima, which almost condemned for all time to come the chances of defense against new weapons. Security, it was felt at that time, could only be based on punishment of the aggressor, on reprisals, since there was no way to effectively "counter" the absolute weapon, or indeed for that matter, from the terrestrial standpoint, the massed tanks and blitzkrieg "a la Guderian." An entire generation of thinkers and military experts has been conditioned to this form of deterrence, which has led to the MAD strategy, a strategy that took a determined stand against ABM defense.

Since then, however, technological advances have been such as to now warrant calling upon them, since the two instruments of the offensive, men and rockets, have now proven to be highly vulnerable: The one to the neutron bomb, and the other to the ABM.

From the philosophical standpoint, it is Kosygin who most clearly stated the basic problem: Can the security of all best be achieved through the capability of exterminating the enemy or through the certainty of foiling the enemy's military undertakings? By multiplying the number of swords or by strengthening the shield? By "deterrence based on terror" or by "deterrence based on defense"?

Should the "High Frontier" plan be adopted by the American government, which is not at all certain, a vast politico-military debate throughout the world will ensue around the question posed by Kosygin. The Soviets will undoubtedly protest, since the advantage they gained in 1972 by accepting SALT I would be nullified: By taking a partial stand against defense (abandonment of their ABM program, but strengthening of their DCA [anti-aircraft defense] and civil defense), they induced the Americans to take a total stand against it, the latter having dismantled all their defenses--ABM and DCA--and forgone civil defense...

The United States finds itself facing its adversaries today literally nude, and the balance of terror is today reversed in favor of its enemies. A vigorous Soviet campaign can therefore be expected, comparable to that on the neutron bomb; but the United States, traumatized by its current vulnerability, will go ahead, if it adopts the plan, regardless of the opinions of others, just as France did--thank God--with its strike force, despite the objections of her friends and her enemies.

Then the Soviets will return to their earlier philosophy, and they too will deploy a GBMD, and the two superpowers will again reaffirm their supremacy...

The others will see in this a sort of space-Yalta. The Europeans of course, feeling left out, will undoubtedly go so far as to denounce a perceived attempt

by the Americans to regain the leadership they were in the process of losing. For Europe, however, is it better to be physically protected from the SS-20's or to be only capable of avenging their attacks after they have inflicted their damage? Is it preferable to have Pershing II's and cruise missiles, manned by Americans, capable of killing millions of Soviets, or missiles capable of saving millions of Europeans?

And from the standpoint of arms control, disarmament and nonproliferation, is it really necessary to accumulate double-edged swords when modern technology warrants vesting one's trust in a shield? Are both necessary--terror and defense--pending a better world?

Such, among many others, are some of the serious questions that will come of President Reagan's acceptance of the proposals of "High Frontier."

9238

CSO: 3100/694

ERRATUM: The following is a corrected version of a translation originally published in JPRS 81084 of 18 June 1982, No. 1983 of this series, pages 2-3.

ARMS CACHE, ARRESTS LINKED TO 'ACTION DIRECTE' GROUP

Paris LE FIGARO in French 26 Apr 82 p 7

[Text] Was the arsenal discovered by police in a Paris garage Thursday (see our 10 April edition) intended for terrorist activities or, as the police think, for "operations bordering on the criminal and for extremist political acts?" It's up to the investigators or the examining magistrate to sort out the difference, if there is one. In any case, six submachine guns, three large revolvers, eight automatics and three anti-riot guns loaded with buckshot are already quite an arsenal--which suggests large-scale operations. The police, while waiting for the ballistics report, are already asking themselves whether some of these weapons have a "criminal past."

"I have nothing to tell you," was the only thing said by Mohamed Hamami, a 27-year old Algerian national well-known in the police files for several attempted homicides, armed robberies and bombings.

Wanted for these crimes, he was arrested at the end of March 1980 in the company of four far-left Italian extremists belonging to Prima Linea [Front-line] in a Brusco (Var) villa rented with money from the famous Conde-sur-Escaut robbery (1.5 billion centimes taken). Charged by the State Security Court, Hamami was joined in prison by 15 activists belonging to Action Directe [Direct Action], a French leftist movement, who were arrested in Paris and the provinces at the beginning of April, during the simultaneous discovery of weapons caches and nearly a ton of explosives.

Action Directe had claimed Hamami's membership in its organization so that he might be considered a political prisoner. Last summer, he had carried out several hunger strikes to protest his continued detention--which was quite fair--after the others charged with either direct or indirect participation in the Conde-sur-Escaut robbery had been freed....

In autumn 1981, Jean-Marc Rouillan and Nathalie Menigon were pardoned at the same time as the two leaders of Action Directe. Hamami was freed, in turn, for "medical reasons." Since that time, the police had lost track of him until his appearance Friday morning in the arms-filled garage.

Proletarian Reappropriations

As for the young women arrested, 23-year-old Joelle Aubron, originally from Neuilly-sur-Seine, was not known to police until then except for some minor offenses for which she has been pardoned. Nevertheless, investigators are trying to match her description as a "short, young blonde" with those of female figures seen in various armed attacks.

The two young people were caught in a trap set by Anti-Crime Squad policemen around space 0022 in the fourth basement of the garage of 22 Borrego Street in Paris' 20th Arrondissement. Until the double arrest, the police didn't know who the arsenal's users were.

For the police, the weapons cache, numerous stolen identity papers, a likewise stolen motorcycle, two hooded masks, bulletproof vests, gloves, etc., seemed to indicate that the clandestine group Action Directe was prepared to once again launch violent activities, either holdups--renamed "proletarian reappropriations"--or assassination attempts.

The two arrestees were believed to have been sheltered in the "Squatter-occupied" tenements of Paris. Thus, on Friday afternoon, with a great show of force but with no major incidents, a search was made of an illegally occupied, abandoned tenement in the Goutte d'Or district, near Barbes. The search netted an air rifle and a .22-caliber revolver, whose owners could not be identified. Earlier police raids in the building, during investigations of checkbook thefts, had yielded nothing.

It remains to determine the roles played by Hamami and Joelle Aubron within the terrorist organization. For the time being, the first facts in the investigation seem to indicate that Hamami was somehow "employed" by the theoreticians in order to carry out robberies and to thus replenish the organization's cash supply.

[Photo caption] The police discovered a real arsenal on Borrego Street. Here, some of the weapons are shown in the office of Andre Soleres, deputy director of the Criminal Investigation Police.

9939

CSO: 3100/571

OVERCAPACITY, OTHER PROBLEMS OF OIL REFINERIES

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 15 May 82 p 6

[Article by Mario Mueller: "Oil Refineries: Scrapping Has Just Begun"]

[Text] After drastic decreases in consumption, companies have gigantic overcapacities. Scrapping costs thousands of jobs.

In January Hellmuth Buddenberg, head of the German BP, said that he was ready "to do his homework." At the end of last week he showed it: The oil company will close down its refinery in Huenxe. Before this Esso, Shell, Elf, Texaco and Chevron had declared that they too would greatly reduce their refineries. The great refinery demise has of course just begun. Even after the previously announced scrapping of plants with about 20 million tons capacity there remains a large surplus. The reason: The rapid rise of oil prices since the end of 1978 has led to a slowing of the economy, but it has also helped activate the policy of "getting away from oil." The result: Sales of gasoline, heating oil and other petroleum products are greatly shrinking. In the last 2 years consumers saved about 20 percent. The oil companies had obviously not counted on this rapid process of adjustment. Now they are sitting on gigantic overcapacities. The necessary restructuring process will be painful for consumers as well as for the employees.

Hermann Cardinal Volk did not give his blessing. The Catholic church leader appealed to the management of the Caltex refinery in Raunheim near Frankfurt to do the utmost to retain jobs.

Plans to close a plant built only about 18 years ago in the middle of the Rhine-Main region drove the Mainz bishop to the "Holy Alliance" with the 560 employees and with IG Chemie. The two Caltex owners--half of the refinery is owned by each of the German subsidiaries of the U.S. multinationals Texaco and Chevron--said, "After the great decrease in demand and the price drop for petroleum products there are hardly any expectations of a return to a profitable business."

According to a union spokesman the final "slaughter" of the processing plant that has already been thinned down last year from 4.5 to 3 million tons crude oil is not an isolated case by any means. Almost all the oil companies in the FRG are radically cutting down.

The German BP is closing its refinery in Huenxe with a capacity of 6 million tons; Esso is closing its plant in Cologne with 5.7 million tons; Shell is stopping its processing in Ingolstadt with a capacity of 2.8 million tons; Elf is decreasing its capacity in Speyer by 3 and 5 million annual tons [presumably referring to two refineries].

The cause for the destruction of thousands of jobs and of invested capital reaching billions of marks: the oil market is shrinking rapidly. The oil price that exploded from 13 to about 35 dollars per barrel after the coup in Iran at the end of 1978 started a powerful wave of energy savings in the Federal Republic and choked the economy. The result: Total oil consumption sank from 144 million tons in 1979 to the present 114 million tons. If one subtracts consumption by the refineries themselves and military needs, there were only 106 million tons of gasoline, diesel fuel, heating oil and other petroelum products sold; roughly the level of 1969 was reached.

The industry had obviously not counted on such a drastic shrinking process. However, the experience with the so-called first oil crisis should have permanently warned those responsible in the company headquarters. Already in 1974 and 1975 oil consumption had sunk by about 20 [million tons] down to 116 million tons.

This decrease caused the dreams of unlimited growth to burst like a soap bubble--even in 1972 there were forecasts for 1980 of about 240 million tons sales--but investments for new refineries once started could not be reduced so simply.

The situation became more critical due to the considerable change in the sales structure. Thus the desire of energy policy for the banning of oil for electricity production caused the demand for heavy heating oil to sink rapidly. With the construction of conversion plants--these "crackers" split "heavier" products into lighter ones like gasoline, diesel and heating oil--the companies tried to adapt to the new situation, but they acquired expensive overcapacities this way. Hellmuth Buddenberg, head of German BP, faced with losses in processing threatened to close refineries already in 1976.

The "Shock" Was Too Weak

Although the eagerness of German drivers and heating oil consumers to save quickly subsided after the first "shock," and consumption grew again, oil companies had record distillation capacities in 1978 of 160 million tons. They could utilize them only about 70 percent.

Nevertheless, hope sprang up in the industry at that time that annual consumption would stabilize at least at about 150 million tons--until the ayatollahs in Tehran took over power, the war between Iraq and Iran drastically decreased crude oil supply and OPEC finally tripled prices.

This time the results were much more dramatic than in 1973/74. The large price jump did not only provide for an unprecedented decline in the economy but also caused the policy of "away from oil" to take hold finally after it

had initially been unsuccessful. Although the exporting countries reacted to this considerably decreased demand with price reductions, now further declining consumption is expected. Shell estimates in its study "Stabilization After The Trend Change" petroleum product sales of 102 million tons for this year. According to the forecast it could go down to 97 to 94 million tons by 1990.

Behind these numbers is hidden a progressive change in structure. Thus the Shell "Scenarios for the Energy Market" assumed a strong decrease in oil consumption for heat production and even the start of a declining demand for vehicle fuels. At best the use of oil as a raw material could increase especially in the chemical industry.

"The oil market will therefore change considerably in the coming years," thinks Hans Joachim Burchard of the Petroleum Industry Federation (MWV). Thus the industry should continue with further conversion plants in order to decrease the yield not only of heavy heating oil but also intermediates and to increase simultaneously the production of the lighter product greatly. Burchard considers "a capacity of 120 million tons at a normal 85 percent utilization" to be necessary. According to this quasi-official federation calculation, plants for more than 20 million tons have to be scrapped.

Although already in the last year 7 million tons [of capacity] has been closed, the oil business had refineries for about 143 million tons, but which were utilized only at 57 percent. This low utilization level of the last years brought great losses to the industry in processing. The Institute for Energy Industry of Cologne University calculates the losses at about 50 marks per tons. According to these calculations the industry had a total operating deficit of 5.5 billion marks.

Even if these numbers do not say anything about their actual profit situation because "exceptional conditions were excluded" the companies are trying now--whatever the cost--to get rid of their expensive overcapacities. For the German BP, for example, which burdened itself just a few years ago in the Gelsenberg deal with Veba with a large additional chunk of refinery. Hellmuth Buddenberg had the slogan: "Roll up the shirtsleeves, roll down capacities." But should this show of force be successful as planned, the industry would have soon achieved the goal set by Burchard. It is doubtful already whether scrapping alone will be sufficient.

Imports Worsen the Situation

One-third of the FRG consumption of petroleum products is supplied by imports. On balance just short of 30 million tons came from across the border last year. It is thought in the industry that this proportion will further increase. This opinion is based not only on the overcapacities in the EC countries of at least 200 million tons which increase the danger that the excess quantities "will be channelled primarily into the liberal German market at marginally calculated prices," as Burchard fears. Burchard, however, is silent about the fact that it is mostly the same companies that tear down refineries here. A further danger also threatens from the export countries, which now want to take processing more into their own hands. The OPEC plans for increase in capacities--700 million tons by 1990 were being considered--should now be decreased in the face of a big drop in profits; but they are certainly still there.

The industry of course is unwilling to discuss further refinery shutdowns. At some time they will come. The MWV has already announced that this will not happen without radical effects on the distribution structure in the petroleum market. Not only the gas station network, which shrank long ago to 19,670 stations, now is threatened with a further decrease. Affected are especially the "independent" dealers and pumpservice operators who as the weakest link will be the first victims in the more difficult fight for customers in a shrinking market.

For many of the 16,000 employees of the German refineries the struggle for survival has already started. The 450 people who might lose their jobs at BP in Huenxe will get little consolation from the offer "of a support plan that goes beyond the legal framework." Peter Kripzak of IG Chemie sees an additional problem in that skilled workers from refineries as specialists hardly have a chance to find other employment and in addition are hit with an especially large social decline because of the high wages in the oil industry. Kripzak accusation: employers have not transformed the long-term tendencies in the petroleum market with the politically desired decrease in consumption into a systematic job policy. Now the union can only attempt to alleviate in wage contracts the results of these management mistakes.

For the employees in Raunheim it is probably too late. Petroleum processing cannot be saved any more. There is a possibility only for ethylene production. However, the Caltex parent companies are putting up obstacles even here. A study of the outlook for the remainder of the plant was kept strictly secret from the employees and IG Chemie.

The people affected cannot depend on Bonn. The Federal Government sees in the dying of the refineries neither "disadvantageous effects on the present good level of oil reserves in the Federal Republic" as determined by state secretary Martin Gruener in the case of Raunheim; nor does it feel responsible for the employees. Gruener: "It is a matter of skilled workers and office employees who have relatively good prospects for a new job."

9232

CSO: 3103/488

FIRST PROTOTYPE OF SOLAR-WIND POWER PLANT REPORTED

Milan L'UNITA in Italian 10 May 82 p 6

[Article by Gianni Buozzi]

[Text] Our country's first and only example of the exploitation of solar rays and wind for the production of electrical energy is located at the Mandrioli Pass, at a height of 1,000 meters, on the Tuscan-Romagnolan ridge. The wind-photovoltaic power plant, now in operation for 7 months, furnishes the electric light needed by an agricultural firm virtually isolated from the rest of the world. To connect it with the national network, ENEL [National Electric Power Agency] had estimated an expenditure of not less than 100 million lire; at a cost of only 30 million lire (but this figure reflects an increase due to the characteristics of the plant's prototype), a power plant has been built whose innovative technical aspect is that of being fed by two distinct energy sources, one wind and the other sun; moreover, it is in a particularly depressed and sparsely populated area but ideal from the standpoint of being greatly exposed to both wind and sun.

The plant was built by national firms on behalf of the Cesenate Apennine Mountain Community in accordance with plans furnished (and with the assistance of) the CNR [National Research Council], by the Institute of Chemistry and Technology of Materials and components for Electronics of Bologna. What is its capacity? It is 3 kW, with 220 V, 50 cycle alternating current and a constant output of 48 V.

The nacelle of the wind generator--a horizontal-axis double blade 3.4 meters in diameter, a storage battery and a transformer--is mounted on a metal tower about 10 meters high; almost at its base there is a group of photovoltaic panels, 72 to be exact, which cover an overall area of 18 square meters.

The conversion of solar energy, as explained by technicians and researchers during a visit scientists from 50 different countries made to the plant, is the most convenient to supply the needs of small-power consumers: household and rural requirements, alarm systems and telephones for emergency calls; it therefore aids in the solution of important problems of communication, security and social and productive recovery in outlying areas.

Experimentation will last 2 years, but the plant, it can already be said, is an option worthy of being pursued. In fact, the region is already planning the

construction of similar power plants with renewable energy for specific applications: forestry, agriculture, tourism and industry. "The Mandrioli Pass plant is just the first of a series already started. In this connection, ERVET, which is the Regional Office for the Territory's Economic Evaluation, has joined the CNR in recording operational data relating to the Mandrioli Pass plant with the scientific-technical assistance of ENEL and the University institutes of Emilia-Romagna."

The cooperation agreement, signed in the last few days, should be considered the other noteworthy result of this experiment in that it has inaugurated a new promising working relationship between the world of research--the CNR foremost--and territorial organizations, without which it would be impossible to look forward to these new renewable energy sources involving the sector's national industry.

What is the precise aim of the agreement? We have already obtained the necessary instrumentation which will serve specifically for meteorological surveys. We now want to use scientific methods to study the degree of feasibility and the behavior of the plant in view of a large-scale utilization of these renewable sources. This will be done through a precise program of activity to establish a complete data-collection system for the sensors and mechanical capabilities of the joint wind-photovoltaic power plant; to optimize the system, particularly with regard to the connecting of the generators, the management of the electric power and the behavior and durability of the batteries, the most promising of which are being tested; and, lastly, to test the durability of the cells and panels (sample cells put out by the CNR are being used). Obviously, the information will also be very useful for industries involved in the production of components, not only for new plants but also for low-consumption home appliances and for electronics used in the adaptation of electrical power.

In the opinion of the CNR and its institutes in Bologna, Parma, Faenza and Rome, the Mandrioli Pass prototype has special importance: since 1975, it has been working on the finalized project known as "Energy I," even though in the absence of a national plan, employing 400 research facilities and a total of 2,000 technical and scientific workers in five energy fields: solar, geothermal, urban refuse, methanol and energy-saving technologies. It has been working to find "urgent answers" to a problem which is becoming more serious day by day. "We need to come up with a genuine utilization of all possible forms of energy, without easy illusions," says CNR's president, Ernesto Quagliarello, "but with full awareness of the difficult objective the gradual reduction of the primary petroleum source is creating."

Oil accounts for 67 percent of our national energy needs with an estimated expenditure of \$24 billion in 1981. "The general philosophy which is serving to inspire the national energy plan is that of a realistic and gradual diversification of energy sources: oil, coal, hydroelectric energy, natural gas, nuclear, alternative renewable sources, in addition to energy-saving incentives. The rate of oil consumption in 1990 should drop to a little more than 50 percent. The quota foreseen for coal, which is expected to increase the most, should double, rising from the present 8.5 percent to more than 18 percent. Natural gas would supposedly increase from 15.5 percent to about 19 percent. An attempt

would also be made to increase the supply of hydroelectric energy to some extent; it presently amounts to little more than 7 percent. Nuclear energy is expected to account for little more than 4 percent with the construction of six plants of 1,000 megawatts each."

What about renewable sources? "The contribution of solar energy foreseen for 1990 is equivalent to 2 million tons of oil equivalent [TOE] out of a total forecast consumption of at least 185 million TOE. The principal use of solar energy should be to produce low-temperature heat, with the installation of at least 1 million integrated systems, that is, half solar and half conventional, to heat public buildings."

However, the development of solar technologies, particularly photovoltaic, points to "an increasing usage of that source in the decade 1990-2000." This development can be accomplished provided incentives are offered by the state. The Mandrioli Pass pilot plant is part of this development.

8568

CSO: 3104/204

ENERGY PRODUCTION, CONSUMPTION STATISTICS PUBLISHED

Istanbul DUNYA in Turkish 17 May 82 p 2

[Text] The energy issue, which has gained considerable prominence around the world in the past few years, is an important problem for Turkey. Energy has a dual character since it is a commodity that is used both as an input for production and as a consumption item. Experts agree that the current energy crisis is not a short-term problem and that it will persist for a long time to come. Ranked among capital goods of production along with labor, capital and raw materials, energy is set apart from the others to the extent that possibilities of replacing it are extremely limited. Although one can talk about a certain amount of substitution between labor and energy, it is clear that such a substitution will cause significant drops in productivity.

Substitution of one type or source of energy by another, on the other hand, is dependent on technological and capital resources. Because of its special characteristics, energy is strongly linked with the state of the economy: The growth in the output of a nation as well as its level of development is directly proportional to its energy consumption. Consequently, experts insist on the need for the establishment of an infrastructure for the orderly production and distribution of energy. The fact that the investment and construction process in such projects takes an average of 10 to 15 years makes the need for planning on this issue even more urgent.

Only 59 percent of the energy consumed in Turkey comes from domestic sources. When the production of various primary energy sources and their shares in total consumption are compared, it is seen that lignite, with 26.4 percent, has the largest share in total commercial energy production. Lignite, which had a 24.7 percent share in production in 1980, has maintained its lead over the years. Considering that coal has an 11.9 percent share in production, it is seen that bituminous fuels have, with 38 percent, the largest share in total domestic energy production. Wood and animal and plant waste, used as noncommercial fuels, constitute around 34.2 percent of the total energy production. Thus bituminous fuels and noncommercial fuels constitute 72 percent of the total energy production. Petroleum and hydroelectricity have shares in total production of 11.3 and 16.2 percent, respectively. These low figures fall far short of meeting the demand for these types of energy. A clear testimony to this shortfall is the fact that Turkey is dependent on foreign petroleum for 85 percent of its needs.

Per capita energy consumption [in Turkey] currently runs at the equivalent of 740 kilograms of petroleum. This amount is around half the world average. With 46.2 percent, petroleum products hold the largest share in Turkey's total energy consumption. Considering that this share was 47.6 percent in 1980, it is seen that petroleum products will, in the short run, maintain their predominant weight in total energy consumption at around 50 percent. Noncommercial energy constitutes 20 percent of the total energy consumption. This proportion has gone through significant changes over the years. Lignite is the third energy source with important bearing on energy consumption.

When energy production and consumption figures are compared for 1980 and 1981, the most striking differences are observed in the case of petroleum products. In 1980, 15,465,000 metric tons of petroleum products were consumed compared to a domestic production figure of 2,447,000 metric tons. In 1981, the consumption figure for petroleum products was 15,279,000 metric tons--almost the same as the previous year--while domestic production could only reach 2,205,000 metric tons. Lignite and coal are among those energy sources whose domestic production can meet the demand. Consumption equals production in noncommercial fuels as well. In 1980, production of hydroelectric energy equaled consumption at the equivalent of 2,837,000 metric tons of petroleum. In 1981, consumption rose, but could be met at the equivalent of 3,173,000 metric tons of petroleum by a parallel rise in production.

An analysis of Turkey's energy consumption by sectors shows that residential consumption has the largest share with 43.8 percent of the total. Industry is second with 32.5 percent and transportation is third with 19 percent. The remaining 4.7 percent of the consumption is taken up by the other sectors. In industry, which is an important area of energy consumption, petroleum is the most extensively used source of energy. In 1980, 3,727,000 metric tons of petroleum out of a total consumption [in industry] of 4,050,000 metric tons were used up in the form of gasoline. Coal occupies second place as a source of energy in industry and its consumption figure [for 1981] was the equivalent of 2,071,000 metric tons of petroleum. Lignite occupies third place with a consumption [in 1981] of the equivalent of 1,160,000 metric tons of petroleum. [In 1981,] 23 million cubic meters of natural gas was used by industry.

Energy supply and demand projections for the future predict that, based on forecasts of growth rates of 5.5 percent for the period 1982-1985 and 6 percent for the period 1985-1990, energy demand in 1990 will be the equivalent of 69.5 million metric tons of petroleum, more than double the level of 33 million metric tons recorded in 1981. Domestic energy production is expected to rise from its current level of the equivalent of 19.5 million metric tons of petroleum per year to 47.4 million metric tons [in 1990]. This means that [in 1990] it will be necessary to import the equivalent of 22.1 million metric tons of petroleum in various forms of energy. Of this amount, 17.8 million metric tons will be in the form of petroleum and 4.3 million metric tons will be in the form of coal. According to these projections for the future, [in 1990] the industry sector will consume the equivalent of 18.9 million metric tons of petroleum. Although petroleum will continue to be the dominant factor in industrial energy consumption, coal will increase its share significantly and is expected to reach a consumption level of 6.5 million metric tons [by 1990].

Saving Energy As Important As Increasing Output

The energy crisis that is affecting the whole world today is the result of the failure of supply to meet demand. Experts agree that world petroleum and natural gas reserves will reach depletion levels in 15 to 20 years in view of their extensive consumption. This situation makes it imperative that new energy sources be found and existing energy resources be used efficiently. Although these efforts are necessary, the most effective measure in preventing an energy crisis is conservation. Although conservation of energy is not a solution in itself, it can have a significant contribution toward the solution of the problem. It is calculated that in Turkey conservation measures can reduce energy consumption by 10 percent in the short run and 25 percent in the long run in industry and by 10 to 15 percent in the short run and 20 to 30 percent in the long run in transportation.

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MISSION, ACCOMPLISHMENTS, PROBLEMS OF COCOM

Bonn DIE WELT in German 30 Apr 82 p 25

[Article by Wolfgang Grosse: "The Superpower Duel Over High Technology"]

[Text] The difference between a trade embargo and the security-political export control strategy practiced by the coordinating committee Cocom is largely unknown. In a sense, Cocom is an instrument of Western arms control which is not designed to hurt the economies of the East Bloc. The following article is the last in a series dealing with the East trade, the transfer of technology and Western security policy.

The aims of Cocom are largely unknown both in Western Europe generally and in the FRG in particular. Restrictive information policies—even vis-a-vis the parliaments of the individual member countries—gave rise to rumors concerning Cocom and its functions. These even had an unsettling effect on branches of industry interested in trading with the East and they are one reason why embargoes and other sanctions against the Soviet Union are tied to Cocom time and again.

The NATO embargo on pipes introduced in 1962 as well as the trade restrictions following the Soviet invasion of Afghanistan and the events in Poland later constituted a trade embargo with the legitimate foreign policy goal of withholding strategic goods from a country or group of countries and of applying pressure on the respective governments to desist from their totalitarian, imperialistic policies. Neither international law, nor the statutes of the United Nations stipulate that nations have an obligation to engage in wide-ranging economic cooperation which in turn would make embargoes impermissible.

For the very reason that it is not entitled to do so, Cocom has never itself imposed a trade embargo. It did not even do so prior to the detente era of the seventies. In 1962, for example, Cocom granted all 124 export licenses which were applied for. In 1966, 506 applications were approved. The strictest form a Cocom sanction can take is the no exception policy on goods included in its strategic list. This measure was applied against the Soviet Union and Afghanistan in the spring of 1980, for example—a mild type of protest, one might say. Prior to World War II, an invasion of this geo-strategically important country would have led to war.

The individual Cocom delegates in Paris only act on behalf of their own governments as a rule. They are not opposed to export trade as such, nor do they use trade with the East as something to be switched on and off. As distinct from a variety of trade embargoes, Cocom actions do not have any measurable effect on employment. As a rule, the denial of an export license for a particular computer, for instance, or for laser technology or some special machine tool that might be of value to the Eastern arms industry can be offset by the manufacturer by exporting the item to Western countries.

Present and Future Control Strategy

At the time Cocom was called into being, the assumption was made that the communist countries depend on imports and in particular on imports from the Cocom member countries for those sectors which are the basis of high technology and, by extension, of the arms industry. Furthermore, it was and still is assumed that these countries cannot turn to their domestic economies or to the foreign market to make up for their needs. After 33 years of Cocom operation and increased dependence on Western high technology by the East, the premises just cited apply as much as they ever did. As a rule, other countries do not figure as an alternative for the Warsaw Pact, either. Neutral countries, like Switzerland, control the export of sensitive technology to the East Bloc or, like Sweden and Austria, do not possess basis technologies of modern military relevance.

Security-Political Goals Vis-A-Vis the East

Cocom's export control strategies pursue the following aims vis-a-vis the Warsaw Pact:

As a consequence of the West's deficiencies in numbers, the technological gap in key areas of arms technology—in aviation and space; in underwater warfare; in radar technology and microelectronics as well as non-metallic composite materials—should be maintained and, if possible, expanded.

The buildup of industrial capabilities in support of military armaments is to be obstructed.

The overall military buildup of the Warsaw Pact is to be slowed down and stabilized.

A comprehensive and systematic comparison between Soviet and American technological capabilities shows that a good deal has been achieved with Cocom's help. Among other things, arms control agreements were reached which could never have been concluded in the absence of a U.S. lead in technology. A 1980 study by the U.S. Defense Department came to the following conclusions:

The United States is ahead in 15 instances of basic technology—in nuclear warheads, computers and microelectronics. It is not behind in any field and is even with the Soviet Union in five.

In battlefield technology—tanks, aircraft and underwater weaponry—the United States is ahead in 14 instances, behind in seven and even with the Soviet Union in another nine.

The fact that there still is a Western technological lead in some fields is no cause for complacency—particularly in Western Europe—in the view of the experts. As a result of extensive technology transfers—both legal and illegal—and liberalized Cocom regulations of the seventies, the Western lead has diminished greatly. The Soviets are continuing to close the qualitative gap. They are being helped in this by lax export controls, particularly in the FRG.

In dealing with the transfer of technologies and working out export control strategies, Western experts will have to concentrate on this field and on security policy.

More than in the past, Cocom must be used as an instrument to steer the Soviet military establishment in the direction of arms control and technological calculability. This does not mean Cocom can overcome Soviet "tonnage ideology" or in other words the concentration of central arms planning on volume production and the R & D cycles from the MiG 15 to the MiG 25, for example. But Cocom can help prevent revolutionary developments in Soviet arms programs or real quantum jumps. If that is to happen, 15 basis technologies and the corresponding production processes must become subject to special, coordinated Cocom export controls.

In some areas—such as microprocessors—existing Cocom export control strategy must be altered and coordinated away from the individual product to production technology and software. The reason for it is simple and is in the interest of industry as well. The Soviets, to be sure, can obtain a great variety of microchips, for example, on the world market and can also install them. But they cannot simply be copied and it does not really help to cut the material—silicon or gallium arsenide—apart and analyze it.

Red Army Trucks Are a Priority

As a result of the huge influx of capital during the seventies, the Soviet Union and other East Bloc countries imported entire plants, machines, equipment and production technologies from the West. When U.S. export licenses for the Kama truck complex were approved, for instance, no reasonable person in the West could have assumed that this would benefit the ailing civilian transportation system or Soviet agriculture but that the Red Army would have priority on truck deliveries. Another problem, for example, is the transfer of high production technology from Germany in the machine tool field. These examples and others are proof of the fact that it is not in the security-political interest of the West to provide more Western know how that helps the Soviet arms industry produce more efficiently and takes some of the pressure off it. This applies to a rather small number of key industries of the civilian-military type such as aviation, shipbuilding,

computers, machine tools, communications technology, etc. It would be useful for Cocom to agree on control and restriction of the transfer of production technology in these industrial sectors as soon as possible.

In conclusion, we should stress once more that it is not Cocom's job—as evidenced by licensing practices up to now—to hurt the economies of the Soviet Union and the other East Bloc countries or to wage economic warfare against them. The functions fulfilled by Cocom are of a purely security-political nature. With the help of controlled transfers, the aim is to prevent Western military equipment, nuclear technology or civilian high technology usable for military purposes from reaching the Warsaw Pact and from providing additional impulses to the arms programs of the East.

The organizational structure of Cocom consists of the Coordinating Group (CG), the Coordinating Committee (Cocom) and the budget and export control subcommittees. CG is the actual political institution. After decades of inactivity, it met again for the first time in January 1982. Each participating country is a member of CG whose job it is to work out guidelines for export control strategies. Since Cocom has fallen victim to bureaucratic routine and formalism, the idea was to reactivate CG on the political level. It would be its main job to draw up political guidelines for the revision of the Cocom lists and political and administrative directives for the subcommittees.

Cocom is the primary organizational and administrative element of the entire Cocom process. It usually meets every Tuesday in Paris to draw up the lists of goods, to make changes, to coordinate recommendations of the member countries and to decide on exceptions. It is composed of diplomats, government officials and experts. In revising the lists, the delegates are bound by the directives of their governments.

Cocom works according to the unanimity principle—which makes clear decisions difficult to reach. But once reached, the decisions are binding on all participants. When exceptions are asked for, the veto of only one member—very rarely exercised—is sufficient to kill the planned export of goods.

The export licensing system is based on two procedures—the national practice of granting exceptions and multilateral approval extended by Cocom. The national export licensing procedures introduced in 1960 developed into a security risk, above all in the seventies. Many of the individual licensing bodies—as for instance in the FRG—are not in a position either on the basis of substantive knowledge or personnel to conduct the necessary examination. In 1977, the national exceptions accounted for about 50 percent of the total licenses approved by Cocom. There is a reporting requirement for exceptions granted; but this, too, leaves much to be desired. In 1978, the national technology barriers were drawn somewhat more strictly; but in actual practice, nothing has changed.

Don't Cocom Rules Apply to the GDR ?

quite often, there is a conflict of deadlines and goals among the various Cocom members. In the interest of the exporting firms, Cocom rules call for a decision within 18 days.

Contrary to public opinion, one can hardly speak of a strategic export embargo any more when one reviews the relationship between export licenses applied for and approved. Between 1969 and 1979, only 4 percent of the applications were turned down. During the same period, most of the 1,250 applications—out of a grand total of 9,811—that were withdrawn by individual members were withdrawn for specific military reasons.

The total worth of approved Cocom applications climbed from \$11 million in 1967 to \$175 million in 1975 and \$870 million in 1979. Following the Soviet invasion of Afghanistan, the applications for exports to the Soviet Union declined in favor of exports to China. In 1980, Cocom guidelines regarding China were liberalized substantially.

During the seventies, export licenses for strategic goods worth \$2.2 billion to the East Bloc were approved and applications worth only \$85.8 million were denied.

If one looks at the approved Cocom applications in connection with high technology exports, an interesting picture emerges. The United States is responsible for about 20 percent of high technology exports to the East Bloc. The net worth of approved U.S. export licenses accounts for 45-55 percent of all Cocom exports. The FRG's high technology export accounts for about 40 percent of the total. Surprisingly, the value of the applications submitted by the FRG has been declining since 1976. In 1979, it even dropped to fourth place. The same applies to the number of export licenses processed and approved by Cocom. If the FRG fulfilled its obligations to Cocom as scrupulously as the other members do, the number of applications and their net worth would increase fourfold, however. Suffice it to point to the practice applied vis-à-vis the "GDR", which has turned into a security risk. Are we to assume in this instance that Cocom regulations are binding on the other members but not on the FRG ?

Paragraphs 2 and 7 of the foreign trade law (AWG) specify what means the government has at its disposal to protect the security and the external interests of the FRG. Along with the AWG, ordinances on the implementation of the law were passed in 1961 which included export regulations as well as a list of goods and a list of countries. So far, so good; but in the meantime another 50 amendments have turned the foreign trade ordinance into a veritable jungle of official guidelines. In addition to that, some of the language of the ordinance is unclear. The list of "C"—for communist—countries is not mentioned anywhere and the "GDR" is not included.

German export controls became a farce when a new ordinance was issued in April 1976. Until then, the illegal transfer of strategic technology was a punishable offense as per paragraph 70/1 of the 1961 ordinance. The new ordinance downgraded it to a misdemeanor which practically amounted to an invitation to transfer technology illegally to the East Bloc. A license to export strategic goods to the East Bloc must be applied for at the federal trade and industry administration which is responsible to the economics ministry. Ever since its establishment in 1954, the administration has undergone changes in personnel strength and areas of responsibility. These changes have also affected the departments which deal with Cocom. As of now, only one department concerns itself with Cocom and foreign policy embargoes. Both for personnel and other reasons, this department has turned into a rubber stamp for export licenses. The only restriction still being observed is that applying to the re-exportation of American technology. Accordingly, most German Cocom applications are for licenses to re-export.

Extracurricular Activities by Bonn Vis-a-Vis North Korea and Vietnam

There is absolutely no cooperation between the trade and industry administration and the defense and foreign ministries with regard to goods of a security political character or major projects. The FRG, for example, was the only member of Cocom to export approved strategic goods to North Korea and Vietnam in the late seventies. Was this meant as a reward for Vietnam's occupation of other countries? Whether this practice is in the foreign policy interest of the FRG is open to doubt. For another thing, the defense ministry would not have agreed to at least some German exports—to the Soviet Union, for example—if it had had knowledge of them beforehand.

German export control practices are more than questionable at least in part. As so often since the Soviet invasion of Afghanistan, the statements being made by the highest German government officials appear to be no more than rhetoric which contributes little to credibility. One takes note of reproof by other Cocom members but no more. The government has known for some time that the United States makes closer cooperation with its allies in the arms field dependent on more stringent controls of technology transfers to the East. The Congress passed initial legislation toward this end in January 1982. Without a doubt, this will also affect the transatlantic transfer of technology in the long run. Whether this is in the interest of the German economy is quite debatable.

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ECONOMIC, FINANCIAL POLICIES OF GOVERNMENT

Zurich NEUE ZUERCHER ZEITUNG in German 9 Jun 82 p 11

[Article by "gr": "Rosy Self-Criticism by Kreisky Government"]

[Text] Vienna, 7 June—It is the custom in Austria for the chancellor and the finance minister to appear before parliament early each summer to submit an interim balance of their economic and fiscal policy. As a rule, these are rather superficial reviews full of carefully selected data the primary purpose of which is to make the achievements of the socialist government shine ever so brightly before the dark backdrop of conditions elsewhere in the world and in particular in the OECD area. As he went through the exercise again last week, Chancellor Kreisky made use of the latest economic review prepared by NEUE ZUERCHER ZEITUNG and concluded his presentation by calling on most of his compatriots—particularly those of the older generation—to bear witness to the fact that even in these difficult times they were living in circumstances quite distinct from those in other countries and that they appreciated the changes and improvements in Austria even in these times.

Job Security Is Top Priority

Major portions of Kreisky's statement dealt with industrial projects subsidized by the government with a view to retaining and creating jobs. Among other things, the chancellor spoke of the General Motors engine and gear plant which is soon to go into operation and of efforts to restructure the state-owned industries which play an important part, according to Kreisky, in raising the Austrian investment rate to relatively high levels and which prevent the de-industrialization process that can be observed in other West European countries. For once, Kreisky's text contained at least one sentence in which he praised "the efforts of good entrepreneurs and their managerial staffs" in the private sector.

A large segment of Kreisky's statement dealt with his concern about the problem of providing jobs for young people. The government, he said, cannot exclude the possibility that the situation of young people on the labor market might get worse over the next few months but it wants to do "whatever it can" to counteract the trend. Kreisky said there were 1,200 government trainees in 1982 and another 4,670 young people working on contract outside the federal bureaucracy as such. In addition, another 700 young people are to get manual jobs, in the courts, in the constabulary, in the

postal service and on the railroads. Three special programs are to provide 350 apprenticeships for girls in male occupations as well as 250 apprenticeships in problem areas for both sexes which are to be subsidized from public funds amounting to 2,000 Schillings each per month or 2,500 Schillings away from home. The third program is to provide qualified labor for the early nineties when the low-birth-rate groups will begin to enter the labor market. At 120,000, the number of graduates leaving school this year (by the end of June) will reach a high point. By 1990, estimates are there will be about 25,000 less. In addition to the special programs announced by Kreisky, the Minister for Social Affairs, Alfred Dallinger, has been threatening to ask for legislation to force employers to take on apprentices, if the shortage of apprentices' slots cannot otherwise be overcome this fall.

Optimistic Forecast on Deficits

In his statement, Finance Minister Salcher gave an account of the first "structural-political crash program" of 1981 to promote investments of relevance to the current account, interest support for production changeovers based on new technology, insolvency assistance for firms which encountered difficulties through no fault of their own and help in strengthening the capital fund base of individual firms. The first two parts of the program were said to have created 2,600 new jobs by early May 1982 and to have improved the current account by 1.3 billion Schillings annually. The minister did not give any details on the number of small and medium-sized businesses saved from collapse by insolvency assistance—which may be compared to state aid for the Laenderbank. The fourth part of the program—the raising of risk capital via mutual funds with massive tax benefits—is just beginning to take shape; a first group of mutual fund stock companies is to be formed soon.

In view of winter unemployment—which hit the construction industry hardest of all—the government introduced a special job program early this year, giving priority to building construction. Under this program, the controversial Austrian conference center in the Vienna International City (UN City) now is to be built. Salcher said that last year's structural-political crash program and the special jobs program were substantially responsible for this year's real growth rate of $1\frac{1}{2}$ to 2 percent and the retention of Austria's lead in the field of economic growth. But Salcher also said that the budget deficit would climb to almost 65 billion Schillings gross or more than 37 billion Schillings net (not including debt payments) as a consequence of the financial demands made against the budget and of unexpected shortfalls in tax revenue and in earnings of the state-owned enterprises which are probably due to the stagnant economy. The budget estimate had put the two figures at 59 and at 31.6 billion Schillings respectively. Informed observers, however, call the finance minister's estimate too low and place the actual gross deficit at more than 10 billion Schillings more. The finance ministry is working on still another special job program for the fall the contents of which have not as yet been disclosed. It is said to call for increased public investments in above-average unemployment areas; a multi-year remote heat investment scheme and provisions for sufficient jobs for young people—which may well include the special programs cited by Kreisky.

FINANCIAL EXPERT DISCUSSES WORLD MONETARY POLICY, INTEREST RATES

Paris L'EXPANSION in French 16 Apr-6 May 82 pp 81-84

[Interview with Alexandre Lamfalussy by Philippe LeFournier:
"The World Economic Breakdown Will Not Take Place"]

[Text] If there is one particularly rare and discreet species, it is to be found in the world of international financial experts. L'EXPANSION was able to speak with one of these experts, Alexandre Lamfalussy. Professor Lamfalussy is of Hungarian origin and was educated at Oxford. He is now a Belgian citizen and still teaches at Louvain. After serving as an economist for the Bank of Brussels, he went to Basel to join the BRI [International Payments Bank], of which he is deputy director general. From this favored observation post, where every month the directors of the major central banks meet, he watches the dangers threatening our economy. In his view, a sudden crisis can be avoided, but he does fear a prolonged sort of anemia.

Question: A specter is haunting the world: the specter of a general financial collapse.

Answer: I don't believe a crash is likely, in the sense of a financial crisis comparable to the 1929-1930 crisis. We have learned three things from the past. First, about managing economies. Governments do fight inflation (and with success--we will come back to this point later)--but they also realize that they should not push their economies to the point of collapse. They are managing to maintain a certain level of economic activity.

Question: Will they be able to avoid a major deflation?

Answer: A deliberately induced deflation is out of the question. On the international level, we know quite well the two causes which hastened the cumulative decline during the 1930s:

protectionism and the fragmentation of the financial markets. The biggest mistakes were not made just in internal economic policy; they also included the pulling back in trade and financial matters; the crisis spread because more and more markets were closed. So the second lesson we have learned from the past is that we must avoid a massive use of protectionism. Trade will be kept at a reasonable level, through the EEC [European Economic Community], the OECD [Organization for Economic Cooperation and Development], the GATT [General Agreement on Tariffs and Trade], etc. There is also a consensus about averting the third danger, the compartmentalization of the financial markets, which have become so interdependent.

Question: Couldn't that lead to an increased risk of a chain reaction?

Answer: That's right. The interbank market (banks borrowing from each other) is so large that a localized crisis could spread like an oil spill. But in the reverse instance, this interconnection acts like a net: it is the banks' first line of liquidity. So a domino effect could only happen in case of fragmentation. But the BRI, the central banks, and even the governments themselves are being careful to make sure this will not happen. Since 1974 (remember the failure of Herstatt in Germany) the interbank market has been working remarkably well. So I am not really afraid of a crash...

Question: Oh!

Answer: But I do fear localized crises that will hinder growth for years.

Question: But it does seem that we have no lack of factors that could trigger problems right now?

Answer: The most dangerous element right now, in my opinion, is the high level of real interest rates. This has never been seen before, especially during a period of economic weakness. In the United States, the spread between the inflation rate and long-term interest rates is over 7 points, and it is even more for bank credit. And this phenomenon has spread throughout the world. So at a time when business profit margins are already quite inadequate, this very high cost of capital prevents any upturn in investment and thus puts a brake on growth. And we have to see that there is also an erosion in financial profits. The inversion in yield curves (short-term rates are higher than long-term rates) destroys profit margins. Again in the

United States, all the savings and loan associations which finance real estate are in trouble, as they have made mortgage loans for fixed rates, and now have to borrow on the market at much higher rates. But their solvency is not a problem: the banks are taking action and proceeding with rescue operations.

Question: But that sort of weeding-out operation was necessary. Weren't there 14,000 savings and loan associations?

Answer: That's right. But in Europe, too, there are large commercial banks whose fixed-interest-rate assets have depreciated a great deal. You see, what I fear is that this climate may cause officials to act with too much caution. Now a banker is certainly the last person to tell you that caution is a bad thing! But if everyone is cautious at the same time, no one will do anything. I am afraid...of the banks being afraid, of the resurgence of a conservative instinct during a period of growing risk. I don't think there will be an explosive crisis, but I do fear the impact of minicrises on the will to take action. In such a situation, growth can not be stimulated by investment. So we would be in a sluggish period for some years. There would be small upturns that come to abrupt ends, a sort of stop and go situation. Will we be able to answer the question: how can a western economy in semi-stagnation be managed?

Question: Will there be a dramatic impact on unemployment?

Answer: We can't expect to make it drop back much from the record levels it has hit everywhere. And stabilization will still be dependent on our being able to keep the recession from growing worse. At the same time, we will have to ward off the threat of an upturn in inflationary expectations, which are now cooling off. It will be hard to steer the course between these two dangers: the way is very narrow, but it is still possible.

Question: So you aren't too pessimistic. Wasn't it a mistake to think that we could get out of the crisis without getting rid of inflation which, after all, caused the crisis in the first place? And inflationary expectations seem to be on the wane in the United States, which is the dominant economy.

Answer: That is good news. The slowdown in inflation has surpassed everything we expected. Everywhere the statistics are better than the forecasts. In February, the rise in prices was 0.2 percent in the United States and Germany, zero in Great Britain, and -0.3 percent in Japan. This is not unrelated to

the decline in the prices of oil and raw materials, and as a consequence, the rise in the dollar has been handled much better by Europe and Japan than it was last year, when it actually amplified the impact of the second oil crisis.

Question: But internal disinflation factors are by no means the least important?

Answer: The slowdown in the rise in nominal wages, and therefore the decline in real wage levels in a large number of countries is a capital event.

Question: But aren't there still some notable exceptions?

Answer: This trend doesn't yet seem to have hit France and Italy. But the phenomenon does have an immediate anti-inflationary impact and it also indicates that a structural adjustment process is underway. Households do seem to be willing to bear the burden of the (prior) deterioration in the terms of trade, which was not true after the first oil crisis. This is hurting present demand, but it prepares the ground for future demand, since it is the only way to restore the bases for growth, by reestablishing business profits.

Question: Let's be fair: this wouldn't have happened without strict monetary policies which this time refused to "accommodate" excessive nominal increases.

Answer: High interest rates and monetary restrictions have had a direct role in reducing activity and an indirect role, by acting on expectations. For the first time, people have had the impression that in the majority of the countries, the authorities were determined to pursue a disinflation policy. Of course, Germany and Switzerland have acted consistently in this respect. But they have been joined by the United Kingdom, Japan, and the United States, in a radical change. So there can be no more doubt. A certain number of people and institutions have definitely joined in this fight against inflation, and economic agents now realize this.

Question: But to get back to the American case, which is the decisive one, the financial markets don't seem to believe in this, for if they did, interest rates wouldn't be going up to such heights! Mr Volcker's strict policy doesn't seem to be irreversible to them, especially when confronted with the budget deficits, which are still growing, and which will have to be financed.

Answer: It is certain that if they are to be continued, these restrictive monetary policies must be combined with other policies. For example, with incomes policies, which moderate nominal wage trends and thus lighten the cost of stabilization in terms of unemployment. And obviously, with prudent budget policies, without which there is a danger of collision. That is the case in the United States now, where President Reagan's budget policy is expansionist and is pushing up real interest rates: too much is being asked of monetary restrictions.

Question: But which side will give in?

Answer: Well, I believe in the continuity of the Federal Reserve's policy. Its chairman, Paul Volcker, will be there at least until the summer of 1983. And what will he do? He is gradually reducing the growth of the money supply, no matter what the consequences on interest rates. But it is more complicated than it appears. The real reason for the turning point in October 1979 was that the U.S. monetary officials felt that interest rates were too low. They couldn't openly state that their goal was a radical increase in these rates, but that did take place, sort of as a spinoff of the new monetarist policy. And that is what they wanted. Viewed strategically, the Federal Reserve managed this maneuver quite successfully: interest rates have risen, and the money supply has declined. And based on what we know about the deliberations in Washington, they still want high interest rates: somewhere within the range of 13 to 18 percent.

Question: Doesn't that prevent any hope of relief?

Answer: No. If Reagan does change his budget policy, and agrees to a compromise with Congress (which he will probably do; his political realism has been underestimated), interest rates will decline, but maybe not before fall. Such a compromise will be a signal to the financial markets. So far they have not been impressed by the results in terms of disinflation. It will take a few more months of good price indices to disarm inflationary expectations, which are quite deeply rooted. Inflation is actually disappearing, against the expectation of economic agents. This is a dangerous situation which causes real interest rates to rise. I don't think that the markets can maintain expectations not based on facts. If the budget policy is properly corrected, the effects of disinflation on interest rates could be felt quite rapidly.

Question: So you don't share the pessimism of Henry Kaufman, who predicts a new upswing in interest rates?

Answer: That is, with an unchanged budget policy. But once again, Reagan has shown a lot of pragmatism in the past, and he will do so once again if he finds that his policy is beginning to be rejected. In any event, I don't think that expectations live independently. If disinflation continues, it will come to have an impact on interest rates.

Question: But can the dollar remain strong?

Answer: That would be the logical effect of such a recovery. But this is not just happening in the United States. The Germans and Japanese have recovered a certain margin of maneuver. The Germans have returned to a formidable level of competitiveness: in relation to the dollar, the mark has returned to its real exchange rate of 1972, before its big rise. The Japanese are keeping the yen weak by using excessively low interest rates, thus causing a capital drain. That is the opposite of what the Americans are doing!

Question: These trends may well halt any diversification of currency reserves, outside of the dollar. More than ever before, the international monetary system is based on the dollar. Is there any possibility of a change in this system in the near future?

Answer: There is no hope of that at all with an American administration that says that exchange rates have to evolve like prices and which transfers to the international level a type of ideology that shuts off all discussion of this issue. There can be no question of going back to a fixed exchange system. There is even no question of arranged interventions, as there were under Carter. To my knowledge there has only been one instance of intervention under the new administration--the day when the president was shot! Still, the Fed's policy and the success of disinflation are working in favor of a strong dollar, and diversification seems to be declining. The extent of the dollar reserves is not a threat to the world right now, though.

Question: Still, what is your estimate of the amount of currency held in dollars throughout the world now?

Answer: The Eurocurrency market can be estimated at the equivalent of \$800 billion; and that is essentially held in dollars.

Question: Aside from real interest rates, what causes you the greatest concern?

Answer: For the first time, the fact that there is a possibility of a cessation of payments by a major country. This is no longer just a textbook example.

Question: You mean Poland?

Answer: Yes. To deal with such a situation, the western financial system needs a certain normalcy in east-west relations. Even without an international political accident, which I still fear, the maintenance of orderly relations is in danger. They are putting the brakes on now. But if this ends in a "freeze," Poland will be unable to pay.

Question: Just as Germany was unable to after 1918! It wasn't allowed the means to pay off its "reparations."

Answer: Exactly. In order for Poland to pay off its debt--a debt of \$27 billion--it must have, by definition, a surplus in its current balance of payments. It needs a surplus in its balance of trade just to pay the service charges for interest on its debt. And an expansion in its exports is incompatible with a contraction in its imports from the west, and therefore, of its credit; there is an interdependence involved here. There is some pressure being brought to bear in the United States to declare Poland in default. After a very heated debate, the more rational views in the Reagan administration have prevailed--so far, at least. We have to realize that the machinery involved in dealing with international bank credit is highly delicate. Cross default clauses enable each creditor to demand the integral and immediate repayment of his claim in case a debtor is declared in default by another party.

Question: How many creditors does Poland have?

Answer: Over 400 banks! If this procedure is started, it would lead to the attachment of everything Poland has. Trade with Poland could only be conducted then for cash, and would be totally paralyzed. The banks would be forced to proceed with the immediate amortization of their claims. It is precisely because the banks are well aware of this that none of them has made a declaration of default. I am giving you this information to show you how, because of political pressures, the entire system could be wrecked. All this introduces a heightened risk in

international relations, which encourages the reticence of the banks, which I mentioned earlier. A new risk factor thus appears. But when everyone becomes too cautious, there is no motor left to drive the world economy.

Question: Are there such explosive triggers present in the developing countries, such as Brazil and Mexico?

Answer: Yes, but nothing is ever lost. History is full of stories of recoveries of foreign accounts by the developing countries. South Korea, for example, twice managed to resolve its problems. Right now Brazil is making a second recovery. But it is true that Mexico has a foreign debt of the same size as Brazil's: over \$50 billion. This year it will have to borrow a net amount of \$10 billion, and it will also have to find an additional \$10 billion to refinance part of this debt. Mexico did commit itself to some major expenses, counting on its oil earnings, which have not materialized.

Question: That is true for all the oil producers. But on the other hand, isn't that a relief for the rest of the world?

Answer: The other piece of good news, after the decline in inflation, is actually that: the disappearance of OPEC's payments surplus. This surplus was \$110 billion in 1980, and in 1981 dropped to \$65 billion. But during 1981, the reduction was even more rapid: from \$43 billion during the first half of 1981, it declined to \$22 billion during the second 6 months. This year there will be a return to equilibrium--and I would even expect a slight deficit, for it is a fact that during the first quarter of 1982, the OPEC surplus disappeared! This does help; it lightens by that much more the problem of international credit. This clearly shows that the market economy is working: the rise in the price of a product causes a lessened use of this product, just as the textbooks say! But no one thought that there could be such substantial savings in oil consumption. Naturally, the recession did have an impact here.

Question: Does this lessening of the burden amount to a recovery factor for the western economy?

Answer: We can't yet tell, statistically, the impact of the disappearance of the OPEC surplus. But there is no doubt that most of the improvement will be felt in the industrial countries which are big importers of oil with low growth rates. Japan and Germany have already turned around their balances of

payments, and Germany will probably have a surplus in 1982. The United States is not going to slip back into a deficit, contrary to the forecasts.

Question: What about France?

Answer: I don't see any signs of improvement in France.

7679

CSO: 3100/663

BUSINESS RELATIONS WITH BRITAIN SURVEYED

Athens BUSINESS & FINANCE in English No 195, 22 May 82 pp 7-8

[Article by Patrick Fairweather, economic and commercial counsellor, British Embassy, Athens]

[Text]

It is a regrettable fact that the extent of commercial exchanges between Britain and Greece does not fully reflect the long history of close political links between the two countries or the new relationship arising from common membership of the European Community.

According to Greek statistics, the United Kingdom in 1981 supplied goods to the value of 24 billion drs (approximately 220 million pounds) to Greece. This gives us a 5% share of the Greek market - substantially less than the figure for several of our Community partners (the FRG, Italy and France), and much the same as the Netherlands' figure. The main British exports to Greece include whisky, petroleum products, chemicals and dyes, pharmaceuticals, textiles and yarns, steel, power generating and other machinery, transport equipment and manufactured goods.

So far as Greek exports are concerned, Britain took 5% in 1981. The main products are fruit and vegetables, textiles and yarns, clothing and petroleum products.

These figures are not negligible but I am inclined to believe that we could do better.

Certainly this is the premise on which the Department of Trade and the British Embassy in Athens have been working. A major effort has been undertaken to bring the possibilities of the Greek market to the attention of British industry.

Opportunities appear to be particularly good in a

number of sectors. They include agriculture and agro-industries; power generation, sewage and effluent treatment, textile machinery, mining equipment and metal industries and a number of others. I would also mention the opportunities which we believe exist as a result of the British experience in energy conservation in which dramatic successes have been achieved in recent years in Britain and in computerisation and data processing, which must surely be a growth sector in this country.

The marked improvement in the international competitiveness of British industry arising from the hard-won productivity increases of the last year or two and the recent stability of sterling and some successes —at last— in the important Greek public sector (I have in mind the Greece-Cyprus submarine cable contract concluded with Standard Telephones & Cables and contracts for the important ELEVME petrochemical plant) - should be reflected soon in improved trade figures.

But British-Greek economic relations go further than visible trade. Shipping links between Britain and Greece are particularly strong. Many of the largest Greek shipping companies are established in London as well as in Piraeus, and the importance of this connection is symbolised by the large British presence at the Posidonia Fair. In 1982, as in earlier years, the British Pavilion is likely to be the biggest. The United Kingdom and Greece have, of course, a strong interest in the development of a European Community shipping policy which reflects the interests of our large fleets. More than 30 British companies servicing the shipping industry are established in Piraeus.

Important links also exist in insurance and banking. There are five British clearing banks established in Greece, and British banks are playing an increasingly important role in the foreign borrowing of the Bank of Greece and Greek public-sector corporations. This is also an important market for the services of British consultants, several of whom have won valuable contracts in this country in recent years.

A word about investment. Britain is, I believe, the seventh or eighth largest foreign investor in Greece. Such well-known companies as British Petroleum,

Imperial Chemical Industries and Glaxo, to mention only a few, are established here. There has been some interest in recent years in the takeover of Greek companies by British companies. An example is Patterson Zachonis' purchase of Minerva.

Such operations, which bring additional capital and technical and marketing expertise to the Greek company, can be of value as new investment to the Greek economy since they ensure the continued prosperity and viability of the Greek company. I would certainly welcome more British investment in Greece. The passage into law of the investment incentives and progressive clarification of the government's economic policy may bring this about. I understand that ETVA may be considering a seminar on Greek investment to take place London this autumn.

This brings me to an observation about Greek activities in the British market. As commercial counsellor of the British Embassy, this is not my primary concern, but we of course recognise that an increase in Greek exports to Britain is a condition of the development of healthy economic and commercial links. I hope therefore that Greek business will make a major effort to expand sales to the British market. I suspect that one of the major areas of opportunity is in fresh and processed fruit and vegetables.

The British market is a demanding one, but Greece's competitors, Spain, Morocco, Israel, Cyprus, find it well worthwhile, and if Greek companies concerned pay attention to quality control, packaging and marketing, there is no reason why it should not be highly profitable. I find it encouraging that the president of the Athens Chamber of Commerce and Industry is Personally Leading an Important Mission to Britain as we go to press. I hope that this will lead to a considerable awakening of Greek interest in the British market.

PROSPECTS OF BRITISH-GREEK TRADE POINTED UP

Athens BUSINESS & FINANCE in English No 195, 22 May 82 p 6

[Interview with Lord Cockfield, secretary of state for trade]

[Text]

Lord Francis Arthus Cockfield, Secretary of State for Trade and a member of the Cabinet, is interviewed below **By Business & Finance** on the subject of trade between Britain and Greece.

The Right Honorable Baron Cockfield of Dover, born in 1916, is a graduate of the London School of Economics (LLB, BSc) and was called to the Bar in 1942. He joined the Inland Revenue in 1938, became an assistant secretary to the Board of Inland Revenue in 1945 and was a commissioner of Inland Revenue from 1951-52.

After working in the private sector until 1967, Lord Cockfield became adviser on taxation policy to the Chancellor of the Exchequer from 1970-73, chairman of the Price Commission from 1973-77 and Minister of state at HM Treasury from 1979 until his appointment as Secretary of State for Trade and president of the Board of Trade on April 6, 1982.

He was made an Honorary Fellow of the London School of Economics in 1972 and was knighted in 1973. He was created a life peer in 1978, taking the title Baron Cockfield of Dover in the County of Kent, and was appointed a Privy Councillor on joining the Cabinet in April of this year.

B&F: *Historically, both Greece and the United Kingdom have been trading nations. In what ways do you think they can both increase their trade with each other?*

Lord Cockfield: For Britain, Greece's accession to the European Community represents an important opportunity to begin a new and expanding phase in a trading relationship that has not always reflected the strength of the political and historical ties between our two countries.

Both Greece and Britain have a strong tradition of entrepreneurial skills in commerce, and have much to offer

each other in terms of complementary goods and services. I firmly believe that abolishing tariffs and trade restraints of all kinds will benefit both countries. The fact that both Britain and Greece are now members of Community which represents the most powerful trading bloc in the world should serve to strengthen our economic ties.

B&F: *do you specifically feel that Greece's entry into the common market will increase or decrease such possibilities that may exist for an improvement in the volume of trade between the two countries?*

Lord Cockfield: Undoubtedly, Greece's accession will increase the possibilities for greater trade between us. Both countries hold a low share of each other's market, and we can look for a stronger stimulus to trade in both directions. Certainly it was our own experience, on joining the European Community in 1973, that there was an increase in the volume of trade with each of our Community partners.

Britain's exports to the other eight members increased from 33% of the total exports in 1973 to 43% in 1980. Our exports to Western Europe as a whole now take up just under 60% of the total. Britain is looking forward to increasing its share of the Greek market. I acknowledge that trade is a two-way exchange, and expect Greece to seek to improve her exports to the United Kingdom. I welcome this.

B&F: *What are the specific steps that each country may adopt in order to facilitate this process? In which specific areas or products do you see this happening?*

Lord Cockfield: Greece's Treaty of Accession to the European Community lays down many of the specific steps that Greece can take to facilitate the removal of barriers of trade with the very substantial market in the Community. For our part, we have always recognized that with accession to the European Community, Greece would need to make a major effort of industrial adaptation in order to adjust to the economic effects of membership.

I hope that the United Kingdom will be able to help with this process, not only by supplying plant and equipment, but also through our specialist skills and techniques in many industrial sectors. I know that in Greece there is a lot of interest in joint ventures. My officials and the British Embassy's commercial staff will continue to bring this to the attention of British companies who could be potential partners for Greek firms.

B&F: *How do you view the entry of the Greek merchant fleet into the EC? Do you foresee any problems ahead, or do you think that the interests of both nations are common in this respect?*

Lord Cockfield: I do indeed think we have many similar shipping interests. I look forward to making

common cause with Greece on shipping questions arising in the Community, as the Community's two major maritime powers.

Both our countries' shipping industries are major cross traders heavily dependent on continued free access to the world's ports. On this account, we can both seek to exploit the general free market philosophy of the Treaty of Rome. Historically we have both been strong opponents of excessive regulation of shipping by public authorities, and this is a point of view that we shall both press with the Community and the Commission.

CSO: 4600/565

OUTLINES OF TRANSPORTATION MASTER PLAN REVEALED

Istanbul HURRIYET in Turkish 9 May 82 p 4

[Text] Ankara--The Council of Ministers has approved the "Transportation Master Plan," which will involve the expenditure of 2.6 trillion Turkish liras over a period of 11 years.

Preparatory work on the "Transportation Master Plan" has been under way for almost a year under the coordination of the State Planning Organization. The implementation of the plan will begin in 1983 and will involve the participation of 15 ministries. The plan, which will span an 11-year period ending in 1993, is divided into 3 stages. The first stage will be the year 1983, the second will be the 5-year period between 1984 and 1988 and the third stage will be the 5-year period between 1988 and 1993.

Priority: Railways

The "Transportation Master Plan," expected to cost 2.6 trillion Turkish liras in 1982 prices, will give higher priority to railways which are known to be more cost-effective and safer. According to the plan, which is now final after its approval by the Council of Ministers, spending on rail and sea transportation will be increased significantly meaning that the share of highway transportation in overall transportation will be cut by almost one half by the end of 1993. However, the plan envisages that highways maintain in 1993 their present share in human transportation.

The plan estimates that the Istanbul-Ankara twin-track railway project--one of the most important projects from an investment standpoint--will cost 150 billion Turkish liras and that it will be completed by 1995.

According to the plan, "pipeline transportation" will record the highest gain in terms of its share in overall transportation. The share of this mode of transportation will rise to 4.33 percent of total transportation in 1993 from its present level of 1.46 percent.

Desired Targets

If the "Transportation Master Plan" achieves success at the end of its 11-year implementation, the following main goals will have been realized:

--The transportation bottleneck will come to end; as of 1993 all transportation needs will be fully met.

--Accessability of most places will generally increase; no inaccessible village will be left.

--Transportation safety will be significantly better than it is in 1982; the incidence rate of accidents will drop.

--Transportation costs will decline and, linked with that, Turkey's dependence on petroleum will be lower than what it is today.

--The elimination of the transportation problem will result in foreign currency savings and increases in revenue.

9588

CSO: 4654/329

INDUSTRIALISTS' REPORT SCORES SEE'S, PROPOSES REFORMS

Istanbul MILLIYET in Turkish 15 May 82 p 4

[Text] "Evolved as the powerful instruments of a closed economy, the SEEs [State Economic Enterprises] initially contributed to the prosperity of the economy and the people by providing fields of investment and employment, but later played important roles in the impoverishment of the Turkish people by fostering higher prices and heavier taxes." This is the conclusion enunciated by the SEE report published by TUSIAD [Turkish Industrialists' and Businessmen's Association].

The SEEs have been one of the most hotly debated issues of the past few years, and they gained even more significance in the aftermath of the 24 January [1980] decisions which restructured the economy and emphasized export-oriented policies. TUSIAD's extensive report on the SEEs summarizes the role of the SEEs in the Turkish economy, discusses their problems and developments following the 24 January decisions and puts forth solution proposals. The report presents the SEEs in the various ways they have been depicted over the years and summarizes the measures envisaged by the "Reform Proposal" that has been prepared in Ankara. The TUSIAD report also provides, for the first time, the full list of SEE shareholders.

The report enumerates the factors that have contributed to the initial development and later deterioration of the SEEs and says: "Although there has been discussion of reorganizing and reforming the SEEs for the past 30 years, these organizations have not been able to find the kind of administrative personnel that would bring them up to Western standards. The SEEs have always been administered as departments of a central authority through orders from above, and SEE directors general have always been asked to carry out the orders of the central authority rather than being encouraged to use their own initiative. Those who have not abided by this rule have been dismissed. The average service time of a director general has remained under 1 year."

Alleging that because of the SEEs Turkey has remained without electricity, water and coal and has had to pay for basic commodities more than world prices, the TUSIAD report says: "Certain groups with unknown loyalties have claimed that the SEEs have provided employment opportunities for the Turkish people and that, consequently, they should not be touched. Bad implementation rather than legislation is the reason behind the deterioration of the SEEs. Although

initially successful, the SEEs were driven into an impasse by unscientific government interventions. Speedy measures are now needed to adapt the SEEs to the market economy envisaged by the 24 January decisions and to bring them up to world standards."

Emphasizing the need for speedy reform measures, the report also provides space for speeches made by TUSIAD President Ali Kocman on various dates on the issue of SEEs. The report records Kocman's following statement on how hard reform can be: "The problem with the SEEs is not one of resources; the problem is related to production and administration. I say this knowing full well that resolving the SEE problem is as hard as writing a new constitution."

Measures

In discussing the measures necessary to make the SEEs competitive in accordance with the 24 January decisions, to raise their level of efficiency to world standards and to perpetuate their services to the Turkish people, the TUSIAD report says: "Different approaches are necessary in applying corrections to SEEs that provide public services and are monopolies and SEEs that are involved in industrial and commercial activities. The reform proposal [before the government] does not make that differentiation and consequently the problems will not be solved. SEEs involved in industrial and commercial activities must be decentralized and must have autonomous administrations. SEE shares with guaranteed current dividends must be sold to the public and SEE employees. Industrial and commercial SEEs must be permitted to operate like the private sector in financing arrangements and must be given the facility to make use of low-interest loans."

The TUSIAD report also explains the structure and functions of Western institutions similar to the SEEs and proposes the establishment of an "SEE research center" where Turkish and foreign experts will carry out scientific work and determine policies to reorganize the SEEs through genuine reforms.

9588

CSO: 4654/329

MONTREAL PAPERS DEPLORE NEW CONSTITUTION

Country's New Status Assessed

Montreal LA PRESSE in French 19 Apr 82 p A 6

[Article by Michel Roy: "Requiem for an Unfinished Country"]

[Text] With reconciliation accomplished, Canada takes possession of its full sovereignty. But it is a truncated Canada which on Saturday celebrated that historical day, separated from a Quebec whose absence upsets the federation's already precarious balance.

What a desolate weekend for this country which is still trying to find itself, which offers the illusion of a royal celebration and which still awaits its real springtime! Sad as the rain on the red tulips on Parliament Hill and the sodden fleur-de-lis in Jeanne-Mance Park.

As if to make one forget that the country's other half was not at the rendezvous, it was Quebec personalities on the federal level who gave life to the ritual of the ceremony: the prime minister himself, in his pocket the red sheet of the Quebec election map, flanked by Jean Chretien and Andre Ouellette, and Mrs Huguette Labelle, undersecretary of state, reading the royal proclamation with the gravity of Antigone before Creon.

Anxious to reassure the people of Quebec, who among the dignitaries recognized neither their lieutenant governor, nor their prime minister, nor the leader of the opposition, Mr Trudeau said that "nothing that makes for the originality of Quebec has been sacrificed" in the constitutional government. What a unique statement! Nothing was sacrificed, except the consent of Quebec.

The Queen, whose remarkable dignity inspires admiration, in a few simple phrases recalled that Canada cannot achieve its greatness without the indispensable contribution of Quebec.

Canada as a matter of fact does not emerge enhanced from this long constitutional trial. The conquest of integral sovereignty--the source of legitimate pride--remains a symbolic victory. The real challenge consisted in putting together a constitution that would respect the complex reality of

this difficult country, responding also to Quebec's centuries-old expectations which triggered this revision of the basic law because it is not and never will be a province like the others. This challenge was not taken up. Through this understanding, achieved without Quebec, taking from it a portion of its means for defense, Canada did not acquire greater strength, nor better cohesion. What, then, happened between 20 May 1980 and 17 April 1982?

History will record the implacable constitutional and political counter-offensive undertaken by the prime minister right after the Quebec referendum. Mr Trudeau had committed himself to revitalizing the federation and the people of Quebec again gave their support to Canada. He kept his word to the point of absurdity: the federation is in the midst of change, as a matter of fact, but Quebec is not a part of this movement and its opinions no longer count. "I did not pledge myself to increase the autonomy of Quebec," he said the other day in an interview in SOLEIL DE QUEBEC. That is the truth. He did not say that renewal would give Quebec more power since he never wanted that. But he did not announce that he would take powers away from the National Assembly without the latter's consent. Nor did he indicate that the principle of duality would be flouted on the way. In May 1980 he did not hint that he would boost the tendency toward centralization, nor that he might possibly deprive Quebec of the means and resources which it absolutely needs in economic and tax matters. He was careful at that time to refrain from predicting the death of cooperative federalism and explaining his strategy of unilateral action. He maintained utmost silence on the fate which he had reserved for the opinions of his ally at the time, Mr Claude Ryan, as to the reform. All in all, we are not very far from a piece of trickery.

While Canada thus does not emerge enlarged from this battle, Quebec in turn is the painfully vanquished and today is in a state of political anemia, moreover in the throes of an economic crisis which hits it much harder than the other regions.

What does Mr Levesque propose to do in order to cope with this painful situation? In constitutional terms, he calls for resistance and, in a moving speech on Saturday, he celebrated the "independent country which Quebec will be tomorrow"--in advance. If he does point to this prospect, the prime minister must realize what he is preparing for us. It is clear that he is not thinking of resuming the constitutional negotiations with Ottawa and the others, at least in short-range terms. The announced resistance will undoubtedly be expressed by court battles. But, essentially, we must rather look to the speeches made in recent days for the first signs of a renewed offensive aimed at the conquest of independence. This means that the people of Quebec would be called upon in a few months, perhaps in a year, to say once again that they want a sovereign state. This is a coherent position. Because the moment will come when the PQ [Quebec Party] will no longer be able to exist in a federal system amid equivocation and ambivalence. Between its reason for existence and power, it will have to risk everything to gain everything. This is a logical but unrealistic decision because the PQ administration played and lost the referendum card 23 months ago. Now, it is painful, according to the latest public opinion surveys, that public opinion has evolved on this vital issue over the past 2 years. What good

would it do once again to plunge Quebec into the torment and division of another debate on its political future? To make everybody forget the recession and the budget deadlock? The federal counteroffensive of May 1980 pushed a weakened Quebec into a political deadend street.

This is a big mess for both societies. In longer-range terms, it is not beyond repair. The door remains open, wrote Jean Chretien. The constitution can be perfected, maintains Leon Dion. So be it. But if the same actors remain in place, any new effort is doomed to failure. We must wait for the epilogue. In the meantime, the chance of victory and the ceremonies involving the government machinery will reveal the sad note of a requiem for an unfinished country.

New Constitution Reviewed

Montreal LE DEVOIR in French 17 Apr 82 p 10

[Article by Jean-Louis Roy: "The 'New Constitution'"]

[Text] Propaganda effect, abuse of language or exaggeration of circumstance, the term "new constitution" selected to refer to the portion added today to the old body of the constitution is deceptive. Canada's constitution is a complex mosaic. The Act of 1867 remains the central canvas. Amendments of various kinds, whose constitutional character is evident, have been added to this initial text. Finally, decisions by the Privy Council and the courts, as well as numerous agreements complete the federation's basic law. An odd-lot kingdom, this vast collection of texts, some of which were already out of date at the start of this century, continues to adorn and burden Canada's first law.

Any, ever so gentle constitutional revision would relieve this jammed granary of its old burden. It would rejuvenate the content dating back to Victorian times. In this powerful legal text, it would translate the new equations of a country which no longer resembles that ambitious collection of four tiny and isolated colonies which more than a century ago invented the best possible compromise at the end of substantial negotiations.

The "new constitution," to yield to the vogue of the day, does not accomplish any of these rectifications. It is just another added piece. It rather resembles the extension of an old building instead of a real renovation, from the strengthened foundations all the way to the revision and replacement of mechanisms that will perform essential functions. However, this piece is important. It announces and provides the foundation for a radical change in constitutional relations and rules. It could lead to renovation. It could also, tomorrow or in 25 years, serve as a pile driver to reduce to dust this house of powers, of duties, and of rights, built over a period of more than 2 centuries by this country's French-speaking people. It is saying quite enough that this added piece can lead both to renovation and to demolition but does not offer the powerful guarantees which "this French soil of Quebec" urgently needs--to cite the expression used by Henri Bourassa during his famous speech at the Church of Notre Dame.

The first attribute of the piece added today is its limited character with relation to the task that must be accomplished--limited but powerful. Its second attribute is its power of endurance which one must correctly gauge. What has been proclaimed today could serve as a constitutional instrument for half a century or more. While, on this day, the law was based on history, the proposition must now be turned around. In the future, history could be based on the new law, promulgated today, and on the law whose content cannot as yet be anticipated but whose abundance is certain, the law that will spring from the source outlined by the distant and ephemeral fete.

The third attribute of the added piece is a real revolution in the traditional sharing of responsibilities between the judicial branch and the political establishment of this country.

On this day, political decisions and rules--without being completely beyond the reach of verification by the courts--were largely autonomous. They had to be made by elected officials who could be sent home or who could be re-elected by the citizen-voters. Hereafter, these decisions and rules are beyond any direct citizen control. The judges have only one elector--their conscience. They however have several "whispering voices"--their culture, their prejudices, their own misfortune and happiness, their vanity, the somewhat distant circle of men and women whom they frequent. In the future they could literally manufacture commanding social guideposts, beyond public control and currents of change.

The three attributes of the added piece today by themselves justify Quebec's opposition and rejection. The limited character of the constitutional reform as a matter of fact absolutely clashes with the historical aspirations and real needs of Quebec society. It maintains a general division of powers which was combatted by all Quebec administrations since World War II. It institutes a new order of limited powers, particularly in the linguistic field and in the school systems which is radically unacceptable. Because of the potential duration of the current arrangement, the latter must absolutely be rejected by Quebec. The formula for amendment, in particular, could in the future be used against Quebec, even though it does not constitute an absolute and immediately harmful evil. Finally, any formula which gives the courts powers as considerable as these for the passage of time imposes an exacting and profound revision of the method used in the appointment of judges as well as the criteria for the careers and the replacement of these judges. This revision is particularly indispensable when it comes to the judges of the Supreme Court.

From a real guerrilla war, marked by distrust, insecurity, excessive reaction, threats, and unilateralism, one could only get results without any major significance. In a certain sense, the objectives pursued were primarily political. They were constitutional only in a secondary respect. The most important thing was to win out over an adversary and even to make him bow and to wipe out his claims to hegemony. Each side conceived the actions of the other side as a strategy aimed at destabilization. Both sides were afraid that the other might attain its objectives. Negotiations never took place in such a context. Aggression and provocation were everywhere. This is

why, without trying to blame anybody here for this reciprocal extermination of common interests and potentials, one must condemn the system which emerged from this by virtue of its obvious imbalance.

Quebec cannot accept a constitution or a piece added to the constitution which, without its consent, modifies its political powers and diminishes the responsibilities and prerogatives of its National Assembly. The two major political parties in Quebec are unanimous on this subject. They must get everyone's support on the subject of an issue as fundamental as this one. What we must note here is the value of precedent. This mutilation of Quebec's powers could be repeated in the future.

Quebec cannot accept a formula of amending the constitution which would spell out the federal parliament's veto right and institute Ontario's de facto veto right over all constitutional changes in the future. The balance possibly to be worked out on the subject of an acceptable amendment formula will be more complex and more dynamic for Quebec than the mathematical formula which could exclude it from any modification by not calling for unanimity among the 11 Canadian administrations. One must really grasp the scope of this formula. It involves conditions for the transfer of provincial powers to the federal government. Now, in the current formula, Quebec could be forced to refuse this transfer and by itself assume the costs of services which, for the citizens of the other provinces, would be assumed and thus financed by the Federal Treasury with the money of all Canadians, including the money of the people of Quebec. The inequity of this formula is evident.

Quebec cannot accept a formula for the protection of minorities which, under the law, in this country, would create various categories of minorities under the terms of their legal recognition. That applies regardless of whether one considers this issue--as proposed by the Pepin-Robarts Commission--as being strictly within the jurisdiction of the provinces or whether one accepts it, whether everybody accepts the same constitutional restrictions. The current formula limits Quebec's powers, without its consent, particularly on the subject of its school and language policy but it creates no comparable restriction for the government of Ontario, for example. It is repugnant to find that the French-speaking minority--with the exception of the Acadian minority in New Brunswick and the Manitoban minority--were left to themselves and forced to resume legal battles which a suitable constitution should have terminated once and for all through the recognition of real and specific rights.

These, among others, are the reasons which make the new constitutional "order" unacceptable to Quebec. Especially since we note reconciliation with satisfaction, it is impossible not to denounce the considerable structure which camouflages it, the reduction of Quebec's place within the federation and the denial of the distinctive character of this society.

5058

CSO: 3100/636

ISSUES OF GOVERNMENT AFFAIRS AIRED

Opportunist Policy of Rally

Nicosia CYPRUS MAIL in English 9 Jun 82 p 1

[Text]

THE Cyprus government yesterday accused the Rally Party leader, Mr Glafcos Clerides, of following an «opportunist policy» by doubting the usefulness of the intercommunal talks.

Mr Clerides, for several years the Greek Cypriot negotiator in the intercommunal talks and a supporter of the negotiating process, in a speech to a gathering of his party in Nicosia during the weekend made his first attack on the talks saying:

«We cannot see how under the present circumstances the intercommunal talks can lead to a solution».

The Rally leader supported the Greek government's crusade for internationalisation especially among the EEC and NATO countries «to overturn the present facts about the dialogue» and complained that the Akel-Democratic Par-

ty «minimum programme» overstresses the intercommunal talks and creates limitations for the Greek initiatives.

Mr Clerides' speech was also a lash-out against the Kyprianou government and the President personally for their attitude towards Athens.

But the government spokesman accused Mr Clerides and his collaborators of using «Gobbel methods» and exploiting the divergence with Athens in a way hurting national interests.

The spokesman said that the President and his government are only guided by national interest.

Municipal Elections in 1983

Nicosia CYPRUS MAIL in English 10 Jun 82 p 1

[Text]

MUNICIPAL elections, the first for over thirty years, will be held in a year's time, in the early spring of 1983, the acting President Mr G. Ladas said yesterday.

He made the announcement at the first annual general meeting of the Union of Municipal Corporations, set up a year ago and comprising all urban and rural municipalities.

As the chairman of the Union, Nicosia Mayor Mr Leios Demetriades said, municipal

corporations and improvement boards represent half the island's total population.

The acting President Mr Ladas said that existing municipal legislation actually goes back to 1930 even though it was consolidated in 1949 and

1959.

It had to be completely replaced and not simply amended.

New legislation is at an advanced stage and, after Council of Ministers assent, it will go to the House for final approval.

«I believe that by the end of the year, if everything goes well, comprehensive municipal legislation will be ready and perhaps early in the spring of 1983, we will have municipal elections», he said.

«It is inconceivable for municipal authorities not to emerge direct from the vote of the people», he said.

The Minister of Interior Mr Chr. Veniamin, whose ministry is in charge of local authorities, welcomed the fact that the views of municipal corporations will now be channelled through a single body, the Union of Municipal Corporations.

Partners

The government considers local authorities as partners, not as competitors, and an extension of the central government.

«Our aim is to render local authorities efficient organs of sound administration in as wide fields of activity as possible», the Minister said.

Mayor Demetriades, referred to constant efforts by municipal councils to have their members elected instead of nominated. He said that in February 1978 the mayors and municipal councillors offered President Kyprianou to resign so that elections could be held.

He said that between now and the next annual general meeting three main topics will be the focus of attention; municipal elections, modernising legislation and finding sufficient resources.

The Union has 17 members now from all the urban and rural municipalities and the improvement boards of Aradippou and Ayios Dhometios. The improvement boards of ten other regions, including suburban areas and Ayia Napa could become members.

Nicosia and Limassol municipalities are represented by three members each, all other towns with two members and the rural boroughs and improvement boards one each.

Denial of Communist Insults

Nicosia CYPRUS MAIL in English 11 Jun 82 p 1

[Text] The leader of the communist Akel party, Mr Ezekias Papaioannou, in a speech at the House of Representatives yesterday made a strong defence of his party's agreement with the ruling Democratic Party for a "minimum programme" and denied that he or his party had insulted the Greek Prime Minister Mr Papandreou.

In his address, which the opposition Rally Party spokesman Mr Dinos Iordos described as an "election speech", Mr Papaioannou quoted extensively from the "minimum programme" to prove that it did not contradict the declared policy already followed for the intercommunal talks and the pursuit of an international conference under U.N. auspices.

Mr Papaioannou reiterated his party's view that even though the intercommunal talks may have been unproductive, they should not be denounced.

He hinted that an appeal to the UN General Assembly may seek the appointment of an ad hoc committee comprising non-aligned countries to assist the UN Secretary General in the implementation of U.N. resolutions.

Mr Papaioannou accused the Rally of trying to "fish in troubled waters" by advocating now interruption of the inter-communal talks which it had previously stubbornly defended and said that the Rally supporters favour NATO solutions and "Camp David" processes.

The Democratic Party parliamentary spokesman Mr Alexis Galanos who also spoke in the debate which concerned "the Actions of the Government and Public Interest"--tabled for debate by the Rally party--also defended the Akel-Democratic Party collaboration but on certain points he did not follow identical lines.

On the contrary, he stressed that the two parties retain their ideological credos and the case of the policy on the Common Market was an example in which Akel held different views from those of the Democratic Party.

About the "insults" against the Greek Prime Minister Mr Galanos said he had denounced them and had called them an expression of "ingratitude" and he believed they were "inopportune" and "hurried" expressions and he hoped they would not be repeated, but he did not identify who the insulters were.

Mr Lordos in an impromptu reply said that the views of the two parties showed points of disagreement like that about the "Directorate" (joint committee) which Mr Papaioannou defended while Mr Galanos said he doubted if it would be set up.

Review of Relations with Israel

Nicosia CYPRUS MAIL in English 11 Jun 82 p 1

[Text]

ALL four parties in the House of Representatives yesterday unanimously approved a resolution condemning the «criminal aggression» of Israel against Lebanon and invited the government to review «the whole spectrum of diplomatic and other relations with Israel including the severance of diplomatic relations».

The passage of the resolution was preceded by speeches of the representatives of the four parties all of whom used strong language of condemnation.

The speakers were Mr Alexis Galanos for the Democratic Party, Mr A. Fantis, the Assistant General Secretary of the Akel party, the Vice-Chairman of the Rally Party, Mr

Y. Matsis, and the leader of the socialist Edek party, Dr Lyssearides.

Both the communist Akel and the Socialist Edek representatives referred to American and «imperialist» support.

The text of the resolution will be forwarded to the U.N. Secretary General for distribution to U.N. member delegations and direct to the parliaments of the world.

Resolution

The seven-point resolution which had received the assent of the Foreign Affairs Parliamentary Committee before it was presented to the plenary session says:

The House of Representatives resolved as follows:

1) Condemns most strongly the criminal aggression of Israel against Lebanon, an independent, sovereign, peaceful country member of the U.N., and action which violates all principles of international law and the fundamental principles

of the U.N. Charter.

2) Condemns with disgust the genocide which the Israeli troops apply against non-combatant Palestinian and Lebanese population and reaffirms support for their freedom and vindication of their struggle.

4) Demands the immediate withdrawal of Israeli troops from Lebanon.

5) Supports unreservedly the application of all UN resolutions concerning the Middle East problem and the resolutions of other international organisations, like the Non-Aligned conference and that of the Interparliamentary Union, so that conditions of peace and security in the Middle East can be established.

6) Reaffirms its irrevocable stand about full restoration of the national rights of the Palestinians, including the right of return to their homes, self determination and creation of an independent sovereign Palestine State and the withdrawal of Israel from all occupied Arab lands.

7) Invites the Cyprus government to provide immediate practical aid to the fighting Lebanese and Palestinian people and reconsider the whole spectrum of the diplomatic and other relations with Israel in-

cluding the interruption of diplomatic relations with that country.

Demonstrations

Meanwhile more parties and organisations issued statements of condemnation, and held demonstrations in Nicosia against the Israeli action.

A protest demonstration was held on Wednesday by the Akel party and yesterday another one was sponsored by the Edek party. Dr Lyssarides was the principal speaker. He openly called upon the government to close the Israeli embassy.

The refugee Mayor of Kyrenia, Mr George Tsimon, in a message of sympathy to the PLO representative in Nicosia says «on behalf of the refugees of my town and district» who have experienced the fury of a ruthless and uncivilised armed invader I condemn the atrocious senseless and cold blooded act that is now being waged against innocent and unarmed people in Lebanon.

«I condemn not only the people who carry out this crime but also those who encourage, support and finance these crimes».

GREEN PARTY'S KELLY ON STRATEGY, ISSUES

Hamburg DER SPIEGEL in German 14 Jun 82 pp 47-56

[Interview with Petra Kelly, chairman of the Greens, by SPIEGEL editors Hans-Dieter Degler and Joerg R. Mettke]

SPIEGEL: Mrs Kelly, in recent years, wherever your party has taken part in elections, Social Democrats have usually lost and Christian Democrats won. Wherever Greens received votes social liberals were weakened as on 6 June in Hamburg. Is that what you want?

Kelly: It is not a question of whether that is what I want but rather a problem for the SPD...

SPIEGEL: ...which the Greens have helped to bring about.

Kelly: It only looks that way. This development has certainly not arisen because of the Greens but because of the failures and mendacity of the SPD especially with regard to energy and security policy. A lot of things could certainly have been avoided, even the development of the Greens themselves, if the SPD had lived up to its historic claims. It has failed as a political party. This is why the protest movement has grown so strong that parts of it even wanted to get into Parliament. That means that the Greens are a direct expression of dissatisfaction with the SPD which was once prepared to risk more democracy under Brandt. The blame must be put on the SPD.

SPIEGEL: But the Greens are apparently willing to accept the fact that the path to the green future leads first to the right. There are some party friends of yours who quite openly demand that the big-wigs of the SPD first have to leave.

Kelly: Yes, yes, that is what we are reproached with, if the Greens get into the Bundestag a Helmut Kohl would also, alas, come into power, or a Dregger, or a Strauss.

SPIEGEL: Isn't that true?

Kelly: Yes, it is. But I cannot take that into account. From today's perspective I cannot think about party questions or who would come into power or who would have to go. I am thinking about the global survival questions--

the danger of war, uncontrolled exploitation of raw materials, population growth, the impoverization of people--so I cannot, as a result, now say that for fear of the lesser evil the Greens must not take votes away from the SPD.

SPIEGEL: Does that mean that, as a former SPD woman you say that things have to get very bad so that people will wake up?

Kelly: Many people have already woken up. And the SPD must now finally wake up to the fact that it isn't taking any of these movements seriously--women, Third World, ecology. This was recently demonstrated anew by Erhard Eppler's dismissal from the presidium. The SPD is used up, finished. It had its chance and wasted it. It is losing the young voters, it is losing the women, it is losing the movement. Maybe Hamburg, where Mr von Dohnanyi can only continue to rule with the Green-Alternatives, is the last chance for the SPD to turn things around. It could finally adopt policies which have been supported by wide segments of the party for a long time. Otherwise the only place it will be able to recover will be in the opposition.

SPIEGEL: There is a wing in the SPD which takes a position similar to the Greens on the question of environment. In this case your party is standing in the way of its own interests. In Schleswig-Holstein, for example, it prevented Matthiesen, the Social Democrat and avowed opponent of Brokdorf, from replacing Christian Democratic Minister-President Stoltenberg, in 1979.

Kelly: Yes, that is a painful example. But what significance does Mr Matthiesen have in a nuclear party under Helmut Schmidt? Where is the antinuclear wing of the SPD present, when did it ever prevail, where is it represented in the Bundestag? You can count it on four fingers, just from Mr Thuesing to Mr Schroeder. Even there we can no longer give our support. If I were still in the SPD with my ideas there would be no place for me to go. Only the two fig leaves, Lafontaine and Eppler, are left. Of course, the base of the SPD is still very green in spots. But they are not the delegates at party congresses, they don't have any impact. The old growth and rearmament oriented men remain in power.

SPIEGEL: Listening to you talk one might think that the CDU and the SPD were one and the same as far as you are concerned.

Kelly: In very important areas with the exception of detente, yes. That is also the reason I left the party. There is no longer any difference in arms policy towards women. And even in social policy Mr Geissler often takes a more positive position than does the SPD. There is a de facto coalition of all parties, a Helmut Schmidt can hardly be distinguished any more from a Helmut Kohl. It is certainly all the same whether it is the SPD or the CDU the way they react with apathy, helplessness and ignorance to questions of survival as posed, for example, in the environmental report "Global 2000." The threatening ecological catastrophe is being ignored.

SPIEGEL: So with regard to the ecological aspect it is all the same to you whether the Christian Democrat Albrecht or the Social Democrat Ravens is governing with an absolute majority.

Kelly: Yes, unfortunately, that's right.

SPIEGEL: And the same applies to Hesse whether the name of the government leader is Dregger or Boerner?

Kelly: The cases of Mr Dregger and Mr Boerner are especially interesting. Mr Boerner has, as you know, just stated that he would prefer to solve the problem of environmentally conscious citizens by means of a roof lath as in the building industry. Dregger would perhaps bring about the danger of a European atomic bomb, of an independent atomic power, an idea which has been floating around in his head for a long time. That is a great danger, the security policy of Dregger and Strauss in this area. But Boerner really must also be opposed equally forcefully. In recent days he has come to represent power personified as much as the others. And such a man is still a representative of social democracy. On this point I must take strong exception.

SPIEGEL: The voters are perhaps more sensitive than you in this respect. During the last Bundestag elections, when the alternative was Schmidt or Strauss, the SPD won and the Greens were stuck with 1.5 percent.

Kelly: That is quite clear. I know Greens who even voted for Schmidt at the time because of sheer fear of Strauss. Whoever was against both of them contributed to bringing the FDP up to the 10 percent which it can never reach again. We also fared badly because at that time we were unable to present our policy in the media and many people said it was alright to vote Green regionally and locally but not at the Bundestag level because they were not yet mature enough.

SPIEGEL: Well are you now?

Kelly: If Bundestag elections were held today the Greens would make it. A new type of confidence has been established among the voters supporting the Greens. That is my feeling. I have a very strong basic feeling that a fundamental opposition is needed in the Bundestag which will proceed uncompromisingly against the arms and growth industries, against the corrupt apparatus and against this policy of terror. The trend is visible, in Hamburg we have achieved our best result in a Landtag election and the trend will be strengthened in Hesse.

SPIEGEL: What would you estimate your percentage to be on a national basis?

Kelly: I would estimate that we now lie between 5 and 6 percent. I believe that the young and first-time voters and the unliberated women want a fundamental opposition. Otherwise you could not tempt them to go to the voting booth, they would not vote at all. Segments of the youth do not basically believe in parliamentary democracy. All they can see is how the will of the people is distorted.

SPIEGEL: Do you believe in it?

Kelly: I believe that every second man should be replaced by a woman. The more civil disobedience and nonviolent opposition develops locally and regionally, the more citizens' initiatives and self-administering models are established, the closer we will come to a truly democratic society.

SPIEGEL: But parliamentary democracy means that parties agree on compromises and make coalitions.

Kelly: No. The fact that there is a fundamentally antiwar party, an ecological, nonviolent party which does not enter into coalitions, must and can, I hope, be accepted in parliamentary democracy. This system must be able to tolerate the fact that there is an opposition within and outside of Parliament which really acts only as an opposition. If the Greens start to send ministers to Bonn one day then they will no longer be the Greens that I want to help create.

SPIEGEL: Then what is the point of the Greens getting into Parliament if all they want to do is act as an opposition?

Kelly: Parliaments are for us only a place like the market place or the construction site where we can speak, introduce our point of view and extract information. Parliament is, however, not the place where decisions are made on modernization of nuclear weapons. The decisions are programmed long in advance and by others as, for example, by the arms lobby. What I want is to have a strong grassroots movement like ours with a voice in Parliament but not for the sake of entering into a coalition and being able to acquire power. We want to be able to speak without obstruction, express our views on pending bills, carry our nonviolent protest into Parliament and make decisions transparent.

SPIEGEL: But not dirty your hands with practical politics.

Kelly: That is not true. On the question of who's getting their hands dirty, it's just the opposite. The people are making their hands very dirty and getting very wet in the street.

SPIEGEL: But you don't want to stay there, you would rather be in parliament.

Kelly: That's not the way I feel. We would like to get into Parliament and at the same time get certain crucial points across outside Parliament. I would like to attack vital questions which must now be decided in Parliament and continue to strengthen resistance in the street, on the runway and at the construction site. Parliament is no goal but rather a segment of our strategy. We are the antiparty party.

SPIEGEL: The voters will take note that the Greens in Parliament for the most part say no and do not enter into coalitions--won't that force you to take the parliamentary path? In the end a sort of little green needle would emerge on the scale which decides who can govern and who can't?

Kelly: The danger that we could suddenly think in such a parliamentary manner that we forget the street is there. But that is not my way, not that which I have built up in my dreams, in my utopia. A radical opposition can certainly bring something about in Parliament but the most important thing is to work on the foundation, to change the foundation. To build eco-houses, to build solar heat collectors, together with women, self-help centers, to

practice social defense--and to couple all that with parliamentary means. But perhaps it will one day prove to have been a mistake to go into Parliament.

SPIEGEL: But it could certainly be more likely that you will soon become involved in practical politics, bear responsibility, perhaps even appoint a minister.

Kelly: Of course we will participate in practical politics and in committees. In Lower Saxony, for example, we have to appoint the vice president of the Landtag. But that doesn't mean that I would suddenly let myself be shunted aside as far as other matters are concerned. But I can, for example, imagine that we would tolerate minority governments if the conditions for such are established. If the SPD shuts down all nuclear power plants, discontinues the modernization of nuclear weapons, and builds ambulances instead of tanks, then we could start to talk.

SPIEGEL: So it's true then: 6 or 8 percent of the voters who are Green would decide what the others should do.

Kelly: Such a situation could arise. But then the Greens would have to maintain their integrity and not be corrupted.

SPIEGEL: How will you do that?

Kelly: We have a built-in mechanism for that: the imperative mandate to tie the member of parliament to basic principles; rotation, in order to exchange our members of Parliament after 2 years for successors; limitation on salaries, everything over 2000 marks must be given up. And no one may cling to his seat.

SPIEGEL: That sounds good but isn't working. In the Stuttgart Landtag your party friend, Helgo Bran, transgressed against the pure teaching in that he did not find subterranean nuclear power plants and high temperature reactors so bad. But he won't resign.

Kelly: Unfortunately that is true. You have to look at it in human terms. These are just the first aches and pains of a party in the process of getting established, the rank and file must remain on the alert for that reason. Nevertheless the mechanism has been built in. We will see later whether it really doesn't work. I admit that I am apprehensive about that moment.

SPIEGEL: Then you must also be worried about further electoral victories.

Kelly: Yes, I often worry that the Greens will suddenly get 13 percent and become a party concerned with achieving power. We would be better off to remain at 6 or 7 percent and thus remain uncompromising in our basic demands; rather than appointing ministers.

SPIEGEL: And if, despite everything--what should your dream coalition partner look like?

Kelly: It should reject civil and military use of nuclear energy, end exploitation of the Third World; it would have to want a totally different, non-military security policy alternative.

SPIEGEL: Withdrawal from NATO?

Kelly: Dissolution of both military blocks, not unilateral dissolution. Our coalition partner would have to strive for a policy which is based on calculated concessions by all participants, a disarmament race would have to begin. In addition true equality of opportunity for women and a preventive medicine policy would have to be included. What is now going on is certainly the cancerization of mankind.

SPIEGEL: And if someone among your people has become involved in work on these tasks of the century will he be replaced by a newcomer?

Kelly: Right. I am one of those who say that there should be steps in the rotation process. We are also considering whether to allow mandate bearers in the Bundestag to remain there for an entire legislative period. There are many things which are not quite right. What we really have to do in the name of God is not just take over the ideas of others but first find out for ourselves where it hurts. In Baden-Wuerttemberg, for example, we have the only Land where there is no rotation, a fact I very much regret.

SPIEGEL: Then when will Chairman Kelly rotate?

Kelly: I have been in office now for 2 years and will retire in October together with my colleague on the board of directors, Dieter Burgmann. But I don't want to silently pass over the fact that a massive fear is playing a role among our men. They feel threatened by a woman with competence.

SPIEGEL: Another bit of utopia down the drain?

Kelly: Yes, The first year I was actually wooed: Petra, our Petra. The second year I have noticed that I am becoming a greater and greater threat for certain power hungry gentlemen, that they are fighting against me, also mollifying me: I should withdraw for some months, my health is being harmed. That is always the argument against a strong-willed woman when they cannot find anything else.

SPIEGEL: Thus in your party every motivated person can find what he is looking for. The conservative has his current, the leftist, even those who are for violence in limited form.

Kelly: No. No. No.

SPIEGEL: But don't you too want to distance yourself from those who feel a tendency toward such resistance?

Kelly: I cannot isolate at the outset certain groups which might become violent and stick them in some corner. Of course I disassociate myself from every stone that is thrown by them.

SPIEGEL: Does the statement of a Berlin Alternative member of Parliament still hold true that stones under certain circumstances could be arguments or does that no longer apply?

Kelly: It applies neither for me nor for the Greens. But I can also occupy a house nonviolently, I can do many things nonviolently. Nonviolence doesn't just mean no violence but also the opposition of a positive force for a society without masters. A democratic culture of nonviolence has, as yet, not been developed at all in our country.

SPIEGEL: If you place priority on a new political culture, isn't then the Stuttgart political scientist Martin Greiffenhagen right when he says that, "strictly speaking" you are "no political party" and would do better to regard yourselves as an extension of the Parliament and not as a parliamentary alternative to the CDU, SPD or FDP?

Kelly: We would like to change this stiff and sterile parliament full of incompetent elitist men of pensionable age--somehow, some-time and to some extent.

SPIEGEL: What have you achieved?

Kelly: In the Roemer in Frankfurt where we are represented by six delegates, there is life again. Where the CDU could do what it wanted for years without anybody on the outside noticing anything, all kinds of questions up to and including the cadmium content of water are now being discussed. We have driven the boredom out of politics.

SPIEGEL: You don't have to have a mandate to achieve that.

Kelly: But things go easier that way. Take Nuremberg. Three years ago we proposed that the city should declare itself a nuclear-weapon-free zone. Only after we sat in the municipal council did the DPS support our demand. The initial spark is noticed sooner when one is sitting in Parliament.

SPIEGEL: The provocateur function of the Greens is unquestioned, but the question of political successes remains?

Kelly: One must not underestimate that and also one must not laugh cynically about it.

SPIEGEL: We're not.

Kelly: When the question of the toads came up in the Landtag of Baden-Wuerttemberg, the toads suffering from radiation, a Green Landtag delegate stood up and said, "I am the representative of the toads here in the Landtag." That is a very important sentence for me, because without us whole spheres of life, plants, biospheres, animals, people are not being addressed at all. Without us handicapped people and nursing mothers who have poison in their mother's milk, would not have been allowed in the Landtag. In Stuttgart our delegates will soon enter a hunger strike against the nuclear power plant Wyhle. For me that is a large positive thing.

SPIEGEL: But your thrust is after all that a more rapid and stronger braking effect is needed to prevent ecological and military catastrophe. Isn't the plea for the toads a bit trifling?

Kelly: No, thank God a person stood up and said I represent those who have no voice at all. Even so Parliament is not the place where we will stop the catastrophe. We have to expose the established politicians where ever we can. One example: it is a disgrace that we have to refer to the fact that Interior Minister Baum at first wanted to say at the environmental conference in Nairobi: no export to the Third World of harmful pesticides like DDT which are prohibited in our country. Then he arrived and struck it out again. We are not yet strong enough to show everyone that we are truly at five minutes to midnight; we are still much to underdeveloped in our forms of action.

SPIEGEL: And frequently as far as cooperation between Greens is concerned even no alternative at all. In Bremen the Greens in the Buergerschaft are behaving worse than the establishment politicians--not only have they excluded one of their own...

Kelly: That is the Bremen Green List, not a part of our movement.

SPIEGEL: But your color. And those who are called "Green List" in Bremen won't even sit at the same bench with those they have excluded. That is worse than the way the SPD treated its Hansen.

Kelly: Yes, that is causing great difficulties for the people of Bremen. The national party and the Bremen Green List have absolutely no contact. But of course that is misconstrued. The media always think all the Greens are the same.

SPIEGEL: But the apprehension that the grassroots members and the mandate bearers are growing farther and farther apart surely concerns many of your true party friends too.

Kelly: Yes, as far as the grassroots are concerned it is in fact a little sad, many are rather uncertain. It is just that for many it is a very painful process that communication between mandate bearers and the grassroots elements is no longer the norm. That is very hard for the very simple, loveable, diligent Greens.

SPIEGEL: Many are also disturbed by the fact that you are beginning to close your rallying movement. This is demonstrated by the discussion on the "democratic socialists" by the ex-Social Democrats Coppik and Hansen whom you no longer wish to take in without examination. It is also demonstrated, however, by your attitude towards other groups in the peace movement whose call to the anti-Reagan demonstration you no longer want to sign unconditionally.

Kelly: Of course we want to have a substantive discussion with the democratic socialists. But that doesn't mean that we are going to fall into each other's arms right away. We provided a preamble to the call to the anti-NATO demonstration because we don't allow ourselves to be prohibited from thinking. We

are not an antimissile movement but a demilitarization movement transcending blocks which offers solidarity to popular disarmament efforts of East and West. We want more than a shitty minimal consensus, a world without police states, the right to make war and internment camps.

SPIEGEL: If you cannot reach agreement with other groups in the peace movement how then do you want to keep the no less disparate elements in your own party under one hat?

Kelly: I find that the variety in the wings enriches our party. There is a basic consensus on the analysis of society. I do not wish to exclude any communists or conservatives and also must not do so. Because this way one learns from the other, they no longer tear each other to pieces but rather get on well together. That is precisely the new thing in our party.

SPIEGEL: Mrs Kelly, up to now your recipe for success has been: Green is not right and not left but rather forward. And the way forward leads right down the middle between capitalism, between East and West. Doesn't an earlier movement of the Germans come to mind in this connection which sought just such a third way--at that time it led to national socialism?

Kelly: This statement doesn't come from me. What we are striving for is a form of ecologically self-governing emancipated socialism--this has never before existed historically. Of course there are many prophets among the Greens who extol their ways. And naturally there is an ecological way of life which can be misused--no nuclear power plants, xenophobic, pure race. But in the case of such people the Green label drops off all by itself. For the time being they are not a danger. It was much more dangerous that we were presented in the press as being controlled by Moscow and a communist front.

SPIEGEL: Mrs Kelly we thank you for this interview.

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RESULTS, IMPLICATIONS OF HAMBURG ELECTION VIEWED

Analysis of Voting Patterns

Hamburg DER SPIEGEL in German 14 Jun 82 p 32-36

[Unattributed article: "No Power for Anybody"]

[Text] Last Wednesday, 3 days after the election, Hamburg's beaten Social-Democrats had their hopes raised a little—for a few hours at any rate. The board of elections had found that 3,258 absentee ballots had gone uncounted because of an oversight.

All of a sudden, one election official said, it seemed "possible but unlikely" that the CDU would have to give up one of its 56 mandates (in favor of the Greens) which would create a simple parliamentary standoff at least—of 55 seats each—for the CDU/CSU and the SPD.

But it was a vain hope. When those absentee ballots were counted, it was clear once and for all that the SPD—insult being added to injury—had not only made its worst showing in Hamburg in over 30 years but had also been overtaken by the CDU in its old-time stronghold, in the very city August Bebel once called the "socialist capital" of Germany.

And what sort of a CDU it was that beat them. The Hamburg land organization, headed by Juergen Echternach, a "real second-place finisher" as the local saying goes, had been viewed as a bit of a "wallflower" by top candidate Walther Leisler Kiep until recently.

A multiple political upheaval dashed the SPD's hopes of being able to govern the chancellor's hometown if not with an absolute majority, then at least with the help of the FDP—the election slogan having been: "Hamburg will not leave Helmut in the lurch." But this was not to be. SPD-leaning voters of days goneby changed sides by the thousands, as a study by Infas Institute of Bad Godesberg indicates.*

* In order to explore hard-to-record voter trends, results from representative districts were combined with a "simulation model" based on computer data on population figures and previous election results. The figures on voter switches are based on these approximations.

They switched to the Greens-Alternatives (GAL) who profited from the city government's decades-long neglect of the environment and got 7.7 percent of the vote—their best showing ever in a Land parliamentary election. They got one-half percent more than the Alternatives in Berlin and over one percent more than the Greens in Lower Saxony.

They switched to the CDU which went to great lengths to get out its own vote and which also managed to make deep inroads among the working class, gaining 52,000 votes or 5.6 percent in the process.

They switched to the FDP which in turn lost thousands of votes to the CDU once again and thus did not improve its own position at all.

The fourth component was the party of nonvoters which, at 22.4 percent, was almost five times as strong as the FDP. While it declined by one percentage point overall, its structure has not changed dramatically: Former and/or potential SPD adherents make up the bulk of it.

The fact that the FDP, which was part of the Hamburg government until 1978, did not make it into parliament in two successive elections; the fact that they have clearly ceased playing the role of helping to form majority coalitions and the fact that a third party scarcely able to achieve consensus or compromise has taken their place—all this has confronted the political establishment with a disastrous situation and the anarchists and alternatives with grounds for jubilation. A broadsheet called "Black List Election Boycott" wrote: "We have reached our goal!!! Hamburg is as ungovernable as the moon" and the headline on the Greens' Hamburg TAGESZEITUNG ("taz") was: "No Power for Nobody."

The fact that this type of anarchy was able to gain a foothold in Hamburg is due, says Willy Brandt, to the FDP's "seesaw" policies, whose slogan of "making Hamburg governable"—joining forces with any side at all—did nothing to enhance the once clearly socialist-liberal profile of the FDP Land organization.

It appears that the voters did not consider FDP front-runner Professor Klaus Brunnstein who, "taz" said, "looks like one of Genscher's bodyguards on the election posters" a real alternative to Kiep and Dohnanyi who also came out as liberals. Brunnstein, nicknamed "Mr Nobody," had a recognition of just 36 percent when the Hamburg campaign began.

"That is just about the factor we get," said Hans Ruehle, head of the Konrad Adenauer Foundation's social research institute, "when we ask about fictitious candidates like Herr Schwaeble from Stuttgart or Professor Hummel-Hummel from Hamburg. There is a group of voters countrywide amounting to about 30 percent that recognizes any name at all—whether it exists or not."

In spite of some local peculiarities, the Hamburg election result is in keeping with various long-term, countrywide trends. Cologne election experts Manfred Guellner and Ursula Loeffler say there has been a typical "big city trend for the past 15 years with losses for the SPD and gains for the CDU."

As of now, the SPD is in control of city hall in only four of the 12 cities with a population of more than 500,000—in Dortmund, Duisburg, Essen and in the city-state of Bremen. After Munich, Stuttgart, Duesseldorf, Frankfurt and Berlin, Hamburg now is the sixth metropolis where CDU strength exceeds that of the SPD.

The reason for the SPD decline in Hamburg and elsewhere, so Guellner and Loeffler say, is not a "trend to conservatism" but the fact that "the CDU makes full use of its voter potential while the SPD stays far below it."

The fact is that the 77.6 percent voter turnout in Hamburg varied greatly—between 56.3 in the working-class district of Billbrook and 94 percent in the fashionable suburb of Nienstedten. "Generally speaking," the Land Bureau of Statistics concluded, "it was the inhabitants of the above-average residential areas who turned out in the greatest numbers" and cast their ballot for the CDU.

Although many members of the working class, unhappy about social cuts and the Neue-Heimat affair, did not vote for the SPD, many of those over 60 did and they make up almost one-third of all eligible voters.

If it had just been up to the pensioners and retirees, the SPD would have made it. In this age group, unconcerned about the Greens and the issues raised by them (they gave them just 1.1 percent of their vote), 48.9 percent voted for the SPD and 45.3 percent for the CDU. Is the SPD becoming the senior citizens party of Germany?

Things were quite different among young people who may expect to experience the environmental catastrophes forecast by doomsday scenarios such as "Global 2000." Among the 18 to 24 year-olds and the 25 to 34 year-olds, the SPD is still in the lead with 38.7 and 40.1 percent respectively. But it also incurred its heaviest losses (of 9.9 and 14.2 percent) in these two groups. Three-quarters of the GAL voters on the other hand, the Bureau of Statistics found, are "in the under-35 age group" which makes up 25 percent of the total voting population. Is the GAL the party of young people with a future?

The CDU made gains in all age groups and almost all election districts. While SPD chief Willy Brandt opted for black humor during the election night, saying that his party would see to it in the Bavarian election next fall that "Herr Strauss and the CDU stay below the 70 percent mark," quasi-Bavarian returns were being reported from outlying districts—such as 68.4 percent CDU in rural Spadenland.

In 25 of the city's 100 election districts—above all in posh residential areas like Blankenese—the CDU obtained an absolute majority as against 19 in 1978. That year, the SPD gained an absolute majority in 53 districts; but this time in only 18. In some districts—as for instance in the Altenwerder harbor extension area—the SPD was even relegated to the role of a splinter party. There, the CDU got 54.8 percent; the GAL 38.1 and the SPD 7.1 percent with the FDP receiving no votes at all.

To a large extent, the CDU upsurge is due to voters in the 35 to 44 age bracket. The CDU received the largest share of its votes from this group. It became the strongest party in this group as well at the expense of the SPD, obtaining 47.3 percent of the votes. Of those going to the polls for the first time in this election, 40 percent cast their ballots for the SPD; 30 percent for the GAL and barely 23 percent for the CDU, according to Infas.

The SPD did retain its lead among the Hamburg working class; but that lead is getting smaller. In 1978, the lead still amounted to 52 percentage points over the CDU. But now, with the SPD getting 49 percent of the working class vote and the CDU 31 percent, the lead has shrunk to just 18 percent.

The Alternatives, for their part, did not make any headway in working class neighborhoods and industrial districts. They did well, however, in and around the Hamburg universities as well as in older center city neighborhoods where leftwing bistros and health food stores abound and in the so-called bourgeois residential areas along the Elbe and Alster rivers.

The Greens do not appear to have tapped into their full potential as yet. More than 12,000 Hamburgers who voted for the SPD in the /city-wide/ election appear ready to make the switch to the Alternatives—which they might well do, if the SPD continues to turn a deaf ear to the Greens' offers of cooperation. In the /ward assembly/ elections held that same Sunday, these voters, in casting a kind of second ballot, opted for the GAL.

Thomas Ebermann, a GAL member of the new city council, interprets the red-green vote splitting practice by many voters this way: "My heart is with the GAL."

Implications for SPD

Hamburg DER SPIEGEL in German 14 Jun 82 p 36-41

[Unattributed article: "The Greening of Hamburg"]

[Text] The success of the GAL in the Hamburg election has sent a signal to West Germany's political parties. For the first time, the new group has a voice in the formation of a Land government. Will the ecology party, which weakens the SPD/FDP everywhere while strengthening the conservatives, bring on "the CDU state in the final analysis," as SPD chairman Willy Brandt fears?

There was gaiety at the GAL election night party. At the "Factory" cultural center in the Hamburg working class district of Altona, more than 1,000 GAL supporters found it "real cool" that eco-freaks would now be sitting in the city parliament. Even before the final result was announced, GAL front-runner Thea Bock made good on her first campaign promise, performing a handstand for her supporters. Bock, a physical education instructor, had said she would, if the GAL reached its goal of making it into the city parliament.

In addition to the CDU and the SPD, there will now be nine members of the GAL in the parliament. Unless a grand coalition is formed, neither Walther Leisler Kiep who won the election nor Klaus von Dohnanyi who lost it will be able to muster a majority without them.

The Hamburgers cast their ballots in exactly the way the SPD/FDP and the CDU had feared and the GAL had hoped. There is no way to govern the city in the long run without the GAL. Both the SPD and the CDU must check with the GAL on whether and how they can govern—and that has never happened before.

The Hamburg city parliament, says Kiel election expert Werner Kaltefleiter, "is the first of its kind in the FRG where a majority can only be obtained by forming unwanted coalitions."

The FDP which made coalition offers during the campaign to both the SPD and the CDU because it wanted to "make Hamburg governable" turned from a maker of majorities into a splinter group. For the first time in its existence, it will be on the outside looking in for two successive legislative sessions.

Both the CDU, which had never before been the strongest party in Hamburg, and the SPD, which had its worst showing since 1949, could see on that very election night that there was only one way out despite the fact that things had come out differently for each. There would have to be another election; the more so, since the two of them did not want to join hands.

And if the outcome should be unsuitable once again, "we will repeat the election as often as necessary," SPD interior senator Alfons Pawelczyk proposed—as if the politicians could pick their voters according to their own taste.

At first, neither the SPD, nor the CDU could think of anything sensible. The CDU called on Dohnanyi to resign, knowing full well that the Hamburg constitution requires him to stay on. The SPD, for its part, called on Kiep to hold coalition talks and look for a majority—an undertaking that holds as much promise of success as a suggestion to Holger Boerner to take part in a protest demonstration against the airport runway.

Only the new party was prepared for the untoward outcome.

"If a situation should arise in Hamburg which would enable the SPD to govern only with a minority in parliament," the GAL had decided prior to the election, "we would be prepared to help form a majority under certain conditions." The program also contained language spelling out what the GAL did not want. "We will not give our support to a CDU mayor, nor will we permit him to be elected by abstaining."

Thus, the one question is whether a pact between red and green can be concluded, "a question of historic dimensions," as Christian Schmidt has put it. Until a year ago, Schmidt was a member of the Hamburg SPD executive committee but is now the GAL's spokesman. Petra Kelly, the federal chairman of the Greens, in a SPIEGEL interview in this issue says that "Hamburg may well represent the SPD's last chance for a change in direction."

The Hamburg election points to a change in the political landscape which could bring about greater changes than the transfer of power in the late sixties.

Greens and Alternatives, who are now represented in five of the Laender parliaments, have become the third most powerful force in the country. In Berlin, in Lower Saxony and now in Hamburg as well as in many municipal councils, they have displaced the FDP from that rank.

In Bonn, in the Laender and the municipalities, the FDP is moving away from the SPD. In Hesse, they will be quitting the last socialist-liberal Land coalition this week and enter a coalition with CDU right winger Alfred Dregger.

In the SPD, which must therefore look for new coalition partners, the Hamburg result has kicked off a debate on whether to form red/green coalitions in the parliaments in order to stay in power.

Hans-Ulrich Klose, who preceded Dohnanyi, along with SPD women and the Young Socialists feels that "the only real chance" for forming a viable city government lies "in cooperation between the SPD and the GAL."

SPD executive committee member Erhard Eppler calls the election a signal for the future. "There is no such thing as a socialist-liberal majority in opposition to the peace and ecology movement any longer," he says. The SPD will either have to adopt the "most urgent demands of these movements" or "cooperate on the parliamentary level" with the Greens/Alternatives. If it refuses to do either, it should not be surprised, "if the SPD will in time become just one of a number of opposition parties," Eppler says.

But many SPD members, whose former party colleagues now are GAL representatives in the city parliament, will have nothing to do with a coalition with their green adversaries.

The majority of the party still accepts the thesis propounded by political scientist Richard Loewenthal who said the social democrats should not run after those "who have turned ecology into an ideology and who believe that mankind has strayed off course on its way toward the industrial society."

Before the election, Mayor von Dohnanyi arrogantly brushed aside any idea of a coalition with the Alternatives. "For me," he said, "they simply do not exist as a political party."

But there are also deep-seated fears of bodily contact on the part of SPD functionaries representing workers welfare associations and labor unions as they are confronted with and are expected to collaborate with a leftwing hodgepodge consisting of former SPD and FDP members, ex-communists, homosexuals and house occupiers.

The fact that the GAL deputies intend to rotate and make room for alternates after 2 years and that they use most of their per diem to pay into an "ecology fund"—that is something old-line socialists with a per-diem mentality simply cannot go along with. "taz" described the "disgust" felt by the SPD crowd vis-a-vis the GAL thus: "They would rather go down in style than have any dealings with them whatever."

Last week, both sides sent signals that they were ready to talk. Now, Dohnanyi wants to "sit down and talk with the GAL" and the GAL, which had previously been committed to "fundamental opposition," let it be known that its negotiating posture would "not be rigid but flexible," according to spokesman Schmidt. A "taz" commentary even suggested joining the city administration. "Why should the GAL...not ask to fill the environmental protection post," it asked.

But, despite the fact that "initial contacts" have taken place, as Klose put it, that will not happen because the Alternatives did exclude any participation in the administration from the start.

But both the socialists and the Alternatives think there are ways of "tolerating" an SPD minority administration. In analyzing the GAL "decisions on parliamentary work," SPD deputy Bodo Schuermann came to the conclusion that the Greens' and the Reds' political views are "in agreement on important issues" and Schmidt, speaking for the Alternatives, said: "Many social democrats are in favor of what we want."

That is just about right. The GAL platform and the decisions reached at the party congress present a number of parallels.

In energy policy for example, the GAL does not want to see the nuclear power plant at Brokdorf built or the one at Krümmel to go in operation. Hamburg must work for "fundamental changes in energy planning" and get out of nuclear energy altogether, the GAL says.

At a Land party congress last year, the Hamburg SPD had decided on getting out of Brokdorf and Dohnanyi's government program itself says: "We have decided against Brokdorf." As for Krümmel, the SPD made it clear both in the 1978 and the 1982 campaign that the plant "should only go into operation, if the nuclear waste problem was resolved"—a condition that has not yet been satisfied. And at its national congress in Munich in April, the SPD reiterated its intention "to create appropriate conditions under which it might be possible to dispense with the need for nuclear energy over the long term."

On employment policy for example, the GAL is calling for "a crash program to stamp out unemployment," for "taxation of top earnings," for new jobs in the "social services sector," in "communal apartment construction," in "energy" and "ecology" as well as for "special programs for young people, for women and the handicapped."

That sounds as if it had been copied from the SPD which was calling for a "jobs offensive" and which came out in Munich for a "supplemental tax on higher earnings" and for new jobs in the energy and environment sector as well in "apartment construction" and "social and human services." Prior to the start of the legislative session just concluded, Hamburg's SPD had decided that job programs for "young people, women and the handicapped" would have to be "expanded."

In housing for example, the GAL called for a "halt to demolitions," for "participation by apartment dwellers" in the administration of housing, for urban renewal and housing construction. That is exactly what the SPD says. It committed itself to a public housing policy which was spelled out in the "plan until 1986" that stated: "We are against the demolition of housing that is still suitable as residential space." At the SPD party congress, the following pear-shaped tones were enunciated: "Participation by apartment dwellers must be a substantial principle of social democratic urban and housing policy and must be instituted as such."

Agreements on specific issues would also be made easier due to the fact that many GAL members are former social democrats, as for instance Greens national chairman Petra Kelly and Hamburg GAL ideologist Christian Schmidt.

Three of the nine GAL deputies are former SPD members. Last year, psychologist Regula Schmidt-Bott still sat on the Hamburg SPD executive committee alongside Hans-Ulrich Klose.

The SPD has been worrying about how to meet the threat of the dissident movement ever since the Greens achieved their initial election successes in 1977. The issues taken up by the Alternatives gradually began to command the attention of the social democrats as well. At the local level—in Berlin (in the Kreuzberg district), in Kassel and Bielefeld—the SPD and the Greens are already cooperating closely.

As in Hamburg now, they were dependent on it. Since 1978, 1.3 million citizens of the FRG have given their vote to the Greens and the Alternatives in a total of 10 Landtag elections—with growth rates averaging 4.3 percent.

And as the ecology and peace movement gained ground, so the SPD lost some throughout the country: 4.4 percent in West Berlin; 5.7 percent in Lower Saxony and now 8.7 percent in Hamburg.

Thus, the Greens have doubtless turned into political parties, according to Willy Brandt, which "must be fought because they are our adversaries and are in the final analysis bringing on the CDU state."

SPD treasurer Peter Glotz offers a somewhat similar view. As Senator for Science in Berlin in the late seventies, Glotz saw the 20 to 30 year-olds rapidly losing faith in the SPD and how the party could not count on the "lesser evil" argument much in the future.

The lost young voters became the starting capital of the Greens. At the moment, very little speaks for the supposition that Glotz's diagnosis that the Greens are fulfilling "the objective function of a fourth political party as envisaged by Franz Josef Strauss years ago" will lure any stray Young Socialist back to the fold.

Even in the one-time SPD stronghold of Hesse, where the voters will go to the polls on 26 September, the hopes of Greens candidate Frank Schwalba-Hoth of achieving "a ten in front of the decimal point" are no longer considered utopian. At the communal election in Frankfurt last year, one of every four voters between 18 and 24 had already cast his ballot for the Greens.

According to the most recent polls, the trend has stabilized. 40 percent of all young voters would not go to the polls at all, if it were not for the Greens. Neither the SPD, nor the CDU and least of all the FDP could hope to win back these disappointed voters. "There is a good bit of greening going on," says Schwalba-Hoth.

Holger Boerner's wish "that the Alternatives would eat each other up" did not come true. To be sure, there will be no election pact encompassing all the Alternatives, as SPD dissident Manfred Coppik and runaway opponent Alexander Schubart had hoped but there will be no separate list competing with the Greens, either.

Coppik's leftwing "Democratic Socialists" will not enter the lists until the next Bundestag election. Meanwhile, Coppik is telling "the entire protest movement to vote for the Greens in Hesse."

This enhances the Greens' election prospects, who can count on more votes wherever there is resistance against some major construction projects such as the nuclear reprocessing plant, the Biblis C nuclear power plant or the

test runway. In the Gross-Gerau election district, which is right next to the airport, the Greens' Landtag candidate Norbert Schwappacher stands a good chance of winning the direct mandate.

"The flexible SPD we had in Willy Brandt's days as chancellor is a thing of the past," says Manfred Zieran, one of the six Green members of the Frankfurt city council. "The reforms are past; housing legislation, social policies and educational opportunities have been curtailed. All this touches on the concerns of old-time SPD supporters," he adds.

It is still there—"the majority this side of the CDU/CSU, the majority that favors reforms in our country," as Willy Brandt totaled it up last week. But the voters have chosen to redistribute it—dividing it up between the SPD and the Greens.

In Hamburg, both of them together came to 50.5 percent.

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HENRI MALBERG ON PROBLEMS IN PARIS, PCF PROPOSALS

Paris HUMANITE-DIMANCHE in French 11 Jun 82 p 6

[Interview with Henri Malberg, secretary of the Paris Federation of the PCF, by Claude Lecomte; date and place not specified]

[Text] He grew up in the Belleville quarter before the picks levelled it to make way for new but expensive housing. So Henri Malberg knows Paris, and all the better for having been a leader of its Communist youth, a city councilman, and a PCF arrondissement official. Today, at 52, he is a member of the Central Committee and secretary of the Paris Federation of the PCF. With Claude Lecomte, he speaks here of the capital's present problems.

[Question] I suppose you have many things to say about Paris. Let us start with a current question. Jacques Chirac has just said that the new housing market is "moribund" and "distressed."

[Answer] That statement is patently incredible. M Chirac would have us weep over luxury housing which no longer finds takers. Not surprising when we see three-room apartments for 120 million!

Since the 1960's a tornado has blown over this city, one equal to the shock under the Second Empire when Baron Haussmann handed Paris over to the speculators so well castigated by Zola in "La Curee" [The Spoils].

[Question] It's timely. The film is soon to be televised.

[Answer] Since that time prices have never stopped climbing. To find housing in Paris is becoming more and more difficult for ordinary people. In truth, what is really distressed is the sector of housing available to workers, to young couples who are continually driven from the capital.

[Question] Let's go further. It's not enough to state the findings. In the government, we are a party which puts forward constructive proposals. What are they for Paris?

[Answer] First, I want to speak of the future of Paris. Every city has its soul. Paris, forged through centuries, has drawn all its strength from its diversity--diversity and mutual enrichment from industry, science, culture, and public services.

It is a city in which the presence in the same crucible of the working people and other social groups has produced something indefinable which makes Paris.

When we defend the idea of a peoples' Paris, it is both for reasons of justice--for all social groupings have the legitimate right to live in the nation's capital--and for reasons related to the very future of Paris.

A "reserved" city, monopolized by a narrow caste of privileged people, would become an anti-Paris, a vast Neuilly.

That is where the whole policy of the right is tending, without having gone as far as it wished, thanks largely to action by the Communists and the left.

A great capital for France; a city more human for its dwellers; voluntary efforts in waging war against injustice--that is our credo.

[Question] But more concretely?

[Answer] First, by giving a new impetus to industrial activity in the traditional sector of small and medium enterprises, and in high-technology industries. A city must produce to live.

Then, Paris must remain a great center of intellectual and cultural creativity, for that is in keeping with its history. For that, impulsion must be given to major drives, which is not being done by the present municipal team. A third idea is that public housing construction must be revitalized.

[Question] Yes, but how?

[Answer] There is land, and there is money. First of all, by building public housing exclusively in the municipal development zones. Also, why the delay in asking the major public services to finance public housing in Paris? The great banks, which have just been nationalized, have real estate affiliates. They must be oriented toward this public housing policy. Renovation of old quarters can also be carried out by such means, without driving out the 200,000 families, many of them with modest incomes, who live in them. Finally, the city of Paris could, as is its right, collect billions from the 0.9 percent employers' tax to finance programs.

It is a question of an entirely new policy.

[Question] Yes, but for what sort of life?

[Answer] The quality of life for Parisians must be appreciably improved. The new orientation given by the government of the left to public services must contribute to it.

When the SNCF [French National Railroads] and RATP [Paris Transit Authority] base their transport policy on humanization, that is good for Parisians. When the minister of public health gives priority to elimination of inequalities in the face of illness, that concerns thousands of Parisians. When the national

national authorities move toward a solution of the retarded pupils problem in the ZEP's [Protected Environment Zones], whole sections of the city are concerned. When the police sees a new preventive role devolving upon it . . .

[Question] Here, let me stop you. The feeling of insecurity is growing, and Jacques Chirac readily presents himself as the man who can make the capital safe.

[Answer] How can we talk of insecurity apart from the crisis? No work, no trade, for so many people. A harsh, unjust, and inhuman society. So we must at the same time combat those underlying causes, but also check the development of delinquency. There must be, as we alone have said for a long time, a police closer to the people.

That is the thrust of our proposals for reopening the police stations in each quarter, and for setting up a block warden system.

[Question] When we consider the immensity of this city, and the problems it raises, must we not conclude that there is insufficient democracy?

[Answer] We wish to develop local democracy: more elected people closer to their constituents. While preserving the city's unity, arrondissement councils must be elected by universal suffrage. And I add that new institutional forms must be invented, such as democratization of collective facilities management.

[Question] That is the context for next year's municipal elections?

[Answer] We must be clear. Jacques Chirac wants to make Paris the base for his political operation aimed at putting the right back in power. Parisians must not be unaware of that, and all the more so since Paris is in no way fated to be a bastion of the right. Paris is still tens of thousands of ordinary families. Factory and office workers, the young people who have struggled to stay in the city. And it is the salaried people: the technicians, engineers, mid-level managers, and intellectuals of all disciplines. With them, I think there is a future for the left in Paris. And a future for the PCF, which remains a great social and political force in the capital.

[Question] And the union of the left?

[Answer] That question flows from the foregoing. If we wish to beat the Parisian right, the left must hold all the trumps. That is why we propose an election clearly based on proportional representation, which will respect democracy and just representation of everyone, including minorities. And then, union. That which made possible victories of the left in many cities in 1977, that which finds its continuity today in the majority and in the government. Yes, we want union. To beat the right and win together.

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EXAMINATION OF DECENTRALIZATION PLAN REVEALS PROBLEMS

Paris CONTREPOINT in French No 40, Winter 82 pp 29-39

[Article by Jean-Francois Adrien, pseudonym of high-level civil servant:
"Socialist Feudalities or Republican Decentralization?"]

[Text] I. An Improvised Change

A. Singular Haste

The speed with which the government drafted the text on the "rights and freedoms of the communes, departments and regions" led it to submit a hasty proposal full of uncertainties.

1. Hasty Proposal

Between 10 May and 15 July 1981, 66 days were all it took to work out the proposal in 65 articles presented to Parliament. The State Council, to which the proposal was submitted based on the emergency procedure, reportedly took only a few hours for its examination. Furthermore, in violation of custom and legality, there was a failure to pass on to it the provisions concerning Paris and the Ile-de-France region imposed by the president of the republic on the Cabinet meeting on 15 July 1981.

This haste is without precedent in history. The territorial reform of the Constituent Assembly was drafted between the months of August and December 1789 and it took over three months between the coup d'etat of 18 Brumaire and the law of 28 Pluviose in Year VIII to lay the foundations for the Napoleonic administration.

Let us also cite foreign examples to which reference is often made.

The reform of the German local administration was carried out between 1971 and 1977. In Great Britain, the Radcliffe Maud commission, entrusted with working out the ways and means of a reform of the territorial administration, did not file its conclusions until after 3 years of studies and debates (nearly 200 meetings, interviews with over 2,000 persons) from 1966 to 1969. The complete reorganization of British administrative structures during the 1970's was based on that work. Likewise, in France, following the events of May 1968, the Jean Moulin Club deemed it necessary to begin a broad consultation

throughout the country before carrying out the proposed decentralization within a limited period of time that he estimated would be at least 6 years!

This procedure makes it possible to avoid consulting with local elected officials, as demanded by a number of political groupings in the majority (the MRG [Movement of Leftist Radicals]) and the opposition and makes it unnecessary to obtain the consent of citizens, as General de Gaulle had done when he proposed a fundamental path to the country. It is not enough to state, in the presentation of reasons for the bill that "the French people have given the president of the republic a mandate to carry out a far-reaching change in the country's administrative and political structures" in order to conform to the rules of concerted action and democracy.

The reform of France's Administrative Constitution deserved better than the haste it received. Its implementation may well be largely improvised. Administrative conditions are complex and the danger facing any reformer in this field lies in the unleashing of a trend impossible to control. Before giving the strength of law to new standards, all their implications should have been measured. And yet, the government is postponing that thorough study which should have been made now in order to have a more precise idea of the coherence of the proposal as a whole. It is quite likely that a number of ulterior motives caused the government to shed more light on its concept of the country's territorial organization.

2. Uncertainties

The proposals introduce major changes but those changes are set forth in the form of principles that should be specified. Here, it refers to a number of complementary texts or texts on application.

The reforms announced give rise to three main questions:

1 -- What powers will the communes, departments and regions have? Will the transferred competencies they will receive be accompanied by transfers of similar resources? The absence of any answer on this point means asking Parliament for a blank check drawn on the future.

2 -- What will be the specific statuses given to certain portions of the territory? What will the main lines of the new status of Paris be? Will the special status recognized for Corsica and the possibility of the establishment of a Basque department not formally rejected by the minister of interior (interview with LE NOUVEL OBSERVATEUR, 18-24 July) lead to a tear in the national fabric in the long run?

3 -- It is also important to wonder how the election districts will be drawn and about the reform of election systems. The provisions contained in the first draft of the bill, dated 22 June 1981, announce radical changes in this area. Does their disappearance from the text submitted to Parliament mean their abandonment or does it rather express the somewhat shameful existence of a political plan to win all local governments?

B. Deceptive Decentralization

There is a gap between the declared intentions of the government and what is found in the texts. The minister of interior (LE NOUVEL OBSERVATEUR interview) states that he wants to go after the Parisian administration: "We have to take power where it is now found, in Paris, which decides everything, and transfer it to the communes, insofar as they are concerned, to the departments and the regions."

It is significant to note that no article in the bill brings the central administration into question. The main target of the text is the prefect, presented here and there as the essential tool of centralization.

This analysis is surprising when one refers to the writings of the deputy from Saone and Loire, Jean Pierre Worms, co-author of the proposed socialist law on decentralization of December 1979. In fact describes (ESPRIT, January 1970) the prefect as an official who "responds to the expectations of local society," who is concerned for adapting and humanizing national regulations and for thereby preventing an almost immediate halt of the administrative machine. The prefect seems to him to be the agent of the "republican synthesis" and of political consensus, the fitting instrument for a regulation of local interests.

What citizen of good faith could deny that the prefect is just as much the ambassador and mediator for his department with Parisian administrative offices as he is the representative of government authority? Do we want to do away with one of the last seeds of unity and conciliation in the society of conflict which French society is?

And yet, everything seems to be being done in the bill to give free rein to the dynamic of centralization to the detriment of the mechanisms that made it possible to limit its aberrations.

Articles 18 and 51 of the bill will be the sources of serious dissension if they are passed as they are by Parliament, recognizing a double power of the coordination of national government agencies and of the departmental or regional agencies belonging to the commissioner of the republic and the elected executive. Furthermore, they permit the elected executive, without previous information from the commissioner of the republic, to make use of the government's foreign agencies.

This apparent symmetry of prerogatives actually conceals a subordination of the national government to local governments.

This bicephalism is reminiscent of the example of the Italian administration, particularly since the regional reform of 1970. However, the operation of the Italian administrative machinery should have deterred the government from following that model!

The system presents three weaknesses: The power of coordination of the prefectoral authority (commissioner of the republic) is going to be weakened. In

fact, as soon as the first representative of the government no longer influences budgetary arbitration, he loses one of his means of action vis-a-vis the heads of government agencies. Furthermore, the weakening of his authority on this point should, by osmosis, result in reduced influence with respect to matters under national competence. The vertical unwieldiness of our administrative machinery will give rise to an awakening of centrifugal forces at the different levels of the territorial administration.

The bill says nothing about public agencies such as the EDF [French Electric (Power) Company], the SNCF [French National Railroads], the PTT [Postal and Telecommunications Administration], the ONF [National Film Office] or the rectorships, which were organized outside the common law administrative structures on the pretext of technicality or regionalization. Concern over the coherence of government action should have incited the government to conceive of points of encounter where the local representatives of the national government and these organizations would have to come together. A relaxation of the action of coordination may well risk resulting in incoherence and delays.

Second, the diarchy (representative of the government/president of the Assembly) will definitely be a source of conflict. Assuming that the commissioners of the republic are recruited in such a way that the "ideological" conflicts with local assemblies are avoided, wrangling and opposition cannot fail to emerge when the dossiers are submitted. In addition to the risk of paralysis arising out of these conflicts, it is to be feared that a number of "blocked" dossiers may never reach Paris, with protagonists seeking arbitration at the top (tradition and custom will work in this direction).

The potential for conflict contained in bicephalism is all the greater because the bill does not guarantee presidents of the assemblies any very solid authority. Concerned for preserving a "majority" in order not to be censured (provisions relating to the intervention of the responsibility of the president and the Bureau of the General Council), the head of the department will not always resist the pressures of purely local or partisan interests very strongly. Consequently, opposition with representatives of the national government, trustees of the general interest, would become more frequent.

The third factor favoring recentralization would be the standardization of the region resulting from the provisions of Article 48 of the bill authorizing the region to "participate in operating expenditures resulting from the financing of operations of direct regional interest." From the time when the field of intervention of the region covers that of the departments and communes, the risk of conflict between these entities is increased. It will once again be necessary to resort to a sufficiently powerful body of arbitration, which should in this case be the central government.

The national government in Paris will itself be tempted to exert more control over matters as the nationalization of the economy and society (through education, in particular) progresses. Two recent facts illustrate the trend: The withdrawal, from the bill dated 22 June 1981, of provisions relating to the overall allocation of equipment leaves the field free to the planner regarding

collective equipment. However, the latter has not to date manifested great interest in concerted action with local communities because the interim 2-year plan is drawn up behind closed doors, while the proposed Eighth Plan was drafted following broad national and regional consultation.

The bill on the "rights and freedoms of the communes, departments and regions" would thus resemble those paintings in *trompe l'oeil* which give the illusion of movement in order better to conceal the awkwardness of the bureaucratic edifice built built.

C. Debatable Reform: Obvious Disadvantages for Uncertain Advantages

1. More Bureaucracy and Feudalities

Having their own agencies, the communities will, in a number of cases, not escape the temptation to develop them in order to stand up to a national administration with major means -- another consequence of bicephalism -- for reasons of patronage also. It is also the natural tendency of socialists to favor the development of feudalities.

Constant pressure will be put on elected officials to make their contribution to local employment problems. The costly illusion to the effect that it is possible to fight unemployment by creating parasitic jobs will find a new field in which to develop.

This inevitable growth in the bureaucracy will go hand in hand with a reduction in the effectiveness of local administrations, hindered by the conflicts of agencies anxious to prove their legitimacy and ensure their survival by each dealing with the same problems.

The example of the Italian local feudalities that inspired the authors of the bill can be cited. Functioning since 1970, the Italian regions now employ some 50,000 persons and an observer might note that "the hypothesis of the agile, nonbureaucratic region has often not stood up to the tendency to develop the organs of the regional bureaucracy for reasons of patronage" (Franco Bassani, professor of constitutional law at the University of Florence at the seminar on the local administration organized by the Council of Europe in Lisbon, 14-16 September 1976).

2. Sanction Rather Than Negotiation

It is true that tutelage constitutes a heritage somewhat outdated under current administrative conditions as well as in semantics. A reform was needed.

The solution proposed by the government's bill is nevertheless not convincing. It is based on the principle of essentially jurisdictional supervision exercised a posteriori. The illegal acts are deferred by the government representative to the administrative jurisdiction. The budgets of the communes, departments and regions are submitted for examination by regional auditing offices. This reform marks a step backward compared with the current situation regarding the departments and regions. The deliberations of the general and regional councils

were legally enforceable, without any previous supervision of the administrative authority. According to Andre Hauriou, these public entities were examples of co-administration in which decisions were the fruit of continuing negotiations.

Nevertheless, let us note, first of all, that decentralization is not incompatible with the maintenance of a priori control exercised over the acts of local authorities by administrative authorities. The German administration, which the minister of interior and decentralization considers to be "a modern administration" (statement before upper-level officials of the ministry), proves this. The code of the communes of the Bade-Wurtemberg land provides, for example, that the important acts of the communes (passage of the budget, deliberations on the communal patrimony) are submitted for a preliminary verification of legality exercised by an administrative authority.

This first remark introduces the second:

In preliminary verification remains in nations where the tradition of decentralization is old, it is because in actual fact, it allows for greater flexibility and favors negotiation. The authority responsible for this verification rarely uses the instruments made available to it. It warns the communities of errors they might commit and in most cases, the warning and the council turn out to be sufficient, especially since the sanction provided for by the texts (annulment or postponement, as in Germany), because it is immediate, takes on a truly deterrent aspect.

The establishment of jurisdictional verification may well cause the disappearance of that flexibility and room to negotiation because: Inasmuch as the sanction does not come until after the completion of a jurisdictional procedure, it will not be immediate and its deterrent aspect will be attenuated and the practice of the *fait accompli* could spread. Furthermore, since the decision is entrusted to a third party, the local authority will be encouraged, even when warned by the government representative, to try anyway, given the fact that the judge's decision might not coincide with the opinion of administrative authorities.

As for the auditing of local communities, the establishment of regional auditing offices does not lessen it. Here, the elimination of tutelage is accompanied by: the creation of a power of investigation for the regional auditing offices going much further than the old audit which, on the one hand, mainly concerned formal regularity and, on the other hand, did not constitute a priority task for the prefectures and subprefectures; the creation of an additional administrative organization; and the creation of an additional corps of officials.

One of two things will happen: Either the a posteriori audit of the accounts and computers is ineffective, as Pierre Lalumiere, representative for decentralization, hints in his public finance manual. It would then appear that the elimination of audits will lead to confusion and anarchy. Or these audits will be inefficient and the proposed law gives an irresponsible, immobile legal organization the task of distributing penalties and removing elected officials, disregarding the principle of the separation of powers.

II. Response of the Republican Opposition

True decentralization will not come about on the basis of the government's proposals. A better distribution of responsibilities throughout the country requires action that is more coherent in its contents and implementation. That is why the opposition presents another path ("the alternative"). However, conscious of its responsibilities, it puts forth proposals aimed at correcting some of the most blatant flaws in the proposals ("avoiding useless risks").

A. Avoiding Useless Risks

1. Intervention of Local Communities in Economic Field (Articles 4 and 34)

The fact that local communities, communes, departments and regions play a role in the support given to economic development does not constitute an inherent evil. But resources are too scarce to allow waste and duplication. Within the definitely limited framework of current possibilities, how many problems already exist! Industrial zones set up at great expense and still awaiting the construction of plants prove this: a waste of space and public monies.

Furthermore, the limitation created in order to discipline local initiatives ("intervention cannot go against the rules for development of the territory set forth in the law approving the Plan") does not seem reliable: Either the standards set forth in the Plan are very precise -- in which case, what then becomes of local autonomy? -- or the rules are very general and the provisions of the law will give rise to temptations dangerous to the coherence of the industrial policy, the balancing of local finances and finally, the country's economic health.

One must not proceed casually: Wisdom requires that the government first of all work out the organization of the planning and development of the territory. It will then be easier to determine how much room to maneuver local communities will then have.

Proposed amendment: elimination of Articles 4 and 34 from the bill.

2. Responsibility of Departmental Executive (Article 19)

Paradoxically enough, the government weakens the situation of elected officials, to whom its texts entrusts new prerogatives. This provision is probably not included in the government's bill by accident. It reveals a political concern: A departmental executive responsible at all times would in fact be at the mercy of political groups to which he might belong or whose support he might have. A party (one can guess which one at the present time) unhappy about the independence of a general council president would have the means to oust him at will. Political centralism would then complete the false administrative decentralization.

Furthermore, let us note that such a system contradicts: the tradition of local administration, which above all establishes the responsibility to the

voters. That is the situation of the mayor. It also contradicts the example of decentralized administrations in other countries: In the Federal Republic of Germany, local elected officials in charge of the executive branch have a relatively long term (8 years for the Landrat in charge of the head of the Kreis in Bade-Wurtemberg).

Proposed amendment: elimination of Article 19.

3. Dialogue Between Government Representative and Assemblies (Article 18, paragraph 9; Article 51, next-to-last paragraph)

The dialogue between the representative of the government and elected officials (of the General Council and the Regional Council) must be an important element in the framework of any proposed decentralization. And yet, the government's proposals hinder the process by bringing in the prime minister. This procedure combines all the disadvantages: It is overcentralized: It is in Paris, at the top of the national government, that the terms of the local dialogue will be determined. It takes on a particularly awkward nature and seems to make of the meeting of the government representative and the elected officials an exceptional event, probably reserved for serious situations.

It is imperative to maintain conditions favorable for understanding and discussion between those holding local powers. For that purpose, more flexible provisions are needed.

Proposed amendments:

Paragraph 9 of Article 18 is replaced by the following: "The representative of the national government in the department is heard by the General Council when he so requests."

The next-to-the-last paragraph in Article 51 is replaced by the following provision: "The representative of the national government in the region is heard by the Regional Council when he so requests."

4. Recourse to Agencies of the National Government by the Head of Territorial Communities (Article 18, Paragraph 5; Article 51, Paragraph 5)

The possibility given to the head of assemblies to use outside agencies of the national government in order to carry out deliberations of the General Council and the Regional Council may be a means of preventing the establishment of agencies (in the department and the region) that are too large, duplicating those of the national government. It is necessary to see that this does not lead to disorganization and a lack of coordination with national agencies.

The proclaimed intention of the government is to strengthen the authority of the commissioner of the republic over the department's agencies. In order to translate this intention into law, it is necessary to introduce provisions preventing "short-circuiting." What in fact would become of the authority of the representative of the national government over state agencies if important affairs were handled by departmental and regional directorates without his being informed?

Proposed amendment: It is necessary to add to paragraph 5 of Article 18 and paragraph 5 of Article 51 the following phrase: "He so informs the commissioner of the republic."

B. Alternative

The government's proposal actually organizes "decentralization for show": a reform hastily conceived in its principles, improvised in its implementation, risking to lead, in the final analysis, to further centralization resulting from the intervention of the central government, encouraged by the increase in local conflicts, the liberated particularism of vertical administrations and the rigid standards of constrictive planning on the national level.

Other texts are naturally announced, texts which, according to the government, are to give real substance to its decentralizing intent. Perhaps some measures will have a positive nature, such as those contained in the proposals presented relating to technical norms or a fairer sharing of responsibilities between local communities and the national government.

However, one must not expect an essential change: The movement upon which the government is embarking seems to move too clearly against any thorough decentralization to engender a new order of democracy and coherent and stable local administration.

By assuming its responsibilities to the country, the opposition presents an alternative. Its proposal does not deny the action of preceding governments, but it is based on the observation that the opposition has not been of sufficient scope and that the French people have manifested their support for proposals aimed at reducing the weight of the bureaucracy and at distributing responsibilities more harmoniously.

The alternative proposed is not aimed at "creating an effect." Taking the actual situation of structures and powers into account and considering the contribution of foreign experiences, it constitutes the outline of what the new administrative constitution of France could be, one more open to the initiatives of the territorial communities and better adapted to the requirements of action.

It has a double objective: on the one hand, to eliminate to the maximum extent all bureaucratic limitations and achieve true decentralization; and on the other hand, to perfect the national government's power to propel and regulate.

The proposal has five points: to rethink structures; to review the sharing of competencies and resources; to recognize the diversity of communes; to decentralize economic power rather than encourage the proliferation of local socialisms; and to promote a new balance of powers.

1. Rethinking Structures

The territorial administration is a "situated" administration: Competencies of varying importance are exercised within given frameworks of action,

geographic districts. The adequation of the competencies exercised and the territory within which they are situated is a fundamental condition for effectiveness.

As a result, France's situation is not satisfactory:

With 34,000 communes, France far outstrips countries of comparable size (8,000 communes in Italy and the Federal Republic of Germany). Of these 34,000 communes, 26,000 have fewer than 700 inhabitants and a number of them are incapable of providing citizens with basic facilities and services.

The department, which is solidly anchored in administrative life, turns out to be an operational framework for the administration of national agencies working in the field and for carrying out tasks of limited scope. On the other hand, the modesty of its size and means prevents it from being the territorial echelon of large-scale administration conceiving and handling major facilities and effectively contributing to the policy of developing the territory.

However, the region itself, as resulting from the 1960 partitioning, still does not seem to be on a par with the ambitions that some have for it.

Finally and above all, the situation of our administrative map helps maintain the unwieldiness of centralization. It is because they are fragmented at the base that local communities still remain tightly subordinate to the national government and it is their weakness that to date has hindered reforms dealing with their missions and resources.

Any beneficial and lasting change therefore depends on a questioning of these structures.

Let us look at our neighbors. The great administrative reforms carried out over the past decade in Great Britain and the Federal Republic of Germany affected both the distribution of powers and the geographic structure of the districts, with all of this being preceded by a broad debate in both countries. In the Federal Republic of Germany, for example, the number of communes between 1970 and 1978 was reduced by two-thirds, going from 24,000 to 8,000, and that of the intermediate districts was also diminished. This restructuration permitted the implementation of rigorous decentralization measures and decentralization within each land.

For these reasons, it is necessary to propose to: undertake a broad debate on the new administrative map with which France must be endowed. Such a debate should be preceded and accompanied by far-reaching work like that done by the Radcliffe-Maud commission in Great Britain from 1966 to 1969. This undertaking must be based on a concern for establishing the most functional reclassification of competencies and means possible.

2. Reviewing the Division of Competencies and Resources

The bill relating to the development of local responsibilities (Bonnet proposal) set forth three principles: "All competencies now viewed as local must be

decentralized immediately or in the long run." "Only the law may modify the line of division of competencies between the national government and local communities or impose obligations of action or verification on each." And "any transfer of competencies is accompanied by a transfer of the corresponding resources."

A policy of decentralization can only claim to follow these three imperatives. On such a basis, before work concerning structures makes it possible to achieve decisive progress in the reorganization of our administration, advances could come about quite rapidly if supported by political determination: At the level of the communes, the provisions of the law filed by the previous government relating to the broadening of local power concerning the environment and city planning remain current. The department could fulfill certain functions more completely in domains where it already plays an important role: civil protection, the fight against noise and pollution, health and social action, the organization of transportation and education.

As for the region, four domains could be more open to its action: the cultural field, tourism, industrialization, innovation and transportation.

Expansion of the sphere of competency of the local communities obviously brings us to the question of resources.

When the government proceeds to effect a transfer of competencies, it is fitting that the corresponding resources also be transferred.

Furthermore, partial reforms can be made, such as elimination of the tax ceiling imposed on regional public establishments.

However, more must be done to improve the self-financing of local communities and this in a continuing manner. In this field, there is no miracle solution. It is necessary to continue the reform of local taxation undertaken under the different governments of the Fifth Republic, on the one hand, and furthermore, the proceeds from certain taxes whose tax base is localized should be transferred to the communities.

3. Recognizing the Diversity of Communes

To date, our law has scarcely taken into account the diversity of French communes. And yet, the differences in situations, people and means of administration are enormous. There is little similarity between a metropolis such as Marseille or Lyon and a commune of 500 inhabitants whose average budget would barely pay one person at the interoccupational minimum growth wage and do 80,000 francs worth of work. Furthermore, the problems vary tremendously in type and scope depending on whether the commune faces the difficulties of urban growth or those of the rural exodus, depending on whether the commune is a "bedroom commune" or a commune rich in industrial and commercial establishments!

It is therefore necessary for the stamp of these contrasts to be more clearly visible in law.

The change could come in two directions:

The level of competencies should be graduated depending on the size of the commune. Since 1973, communes of over 50,000 inhabitants have the possibility of giving building permits. This is the very example of what must be systematized. The broadening of the sphere of competency varies depending on the case and should operate on the basis of transfers made by the national government (city planning, protection of the environment and the cultural patrimony, hospital management) as well as by the department (education, special police, health and social action).

The authority responsible for the supervision of legality (administrative supervision) or of actions performed within the national jurisdiction should vary depending on the size of the community. Common law supervision would be the responsibility of subprefects, while that of average size cities (between 20,000 and 100,000 inhabitants) would be entrusted to the departmental prefect. On the other hand, for very large cities, the prefect of the region would have the responsibility.

As previously stated, administrative supervision of legality would be maintained. Lightened, it would now be concerned only with the most important deliberations of the municipal council (budget, decisions affecting the communal patrimony, management of industrial and commercial services) and would give the administrative authority only a "power of objection" entailing the suspension of deliberations, legally enforceable at the outset.

This proposal breaks somewhat with our tradition of a uniform status for our communes. It presents two essential advantages: It would make it possible to move faster along the path of decentralization because that decentralization could work when the available technical and human means assure communes of the ability to fulfill their new missions. Second, it would balance relations between elected officials and representatives of the national government. It would in fact ensure a better proportion between the "weight" of the elected officials and the authority (based on their hierarchical level and administrative power) of representatives of the government.

4. Decentralizing Economic Power Rather Than Encouraging Proliferation of Local Socialisms

One of the ideas underlying the government's proposal is that the reform of the administration and local democracy must give communities the means of intervening directly in the pursuit of economic activities. This would be one of the prime means of reducing unemployment, whence the provisions enabling communities to make economic moves.

We have previously noted the contradiction that might exist between this new prerogative and the planning ambition. Let us also note that this conception results from the confusion between decentralization and economic interventionism. The German example is enlightening here: The communes, the "circles," the "Lander" do not practice economic interventionism and do not rescue enterprises in difficulty. On the other hand, what one does see beyond the Rhine is a very

advanced decentralization of the banking apparatus, the vigor of regional savings institutions, the balanced distribution of research centers and above all, the freedom of executives and the proclaimed liberalism of all national and local political leaders.

The path we must therefore follow is consequently much more that of the relaxation of economic power rather than that of scattered, contradictory and ineffective interventionism.

This relaxation must first of all come about in financial circles. The nationalized banks must first of all regionalize their structures to the maximum extent possible. The short-circuit providing a direct link between available financial resources and local needs should be encouraged. This would imply that national establishments such as the National Farm Loan Bank or the Deposit Office would play a much less centralizing role than they now do. These suggestions are given by way of example. They have the advantage of defining a spirit diametrically opposed to the outdated prejudices expressed in the government's proposals.

5. Promoting a New Balance of Powers

The formula is not lacking in ambition and covers many potentialities. A choice is nevertheless possible. Three paths should be chosen:

a. Improving the Balance of the Republican State

The government suffers from two maladies: It is congested and partitioned.

The congestion results from a still excessive concentration of the decision-making power in Paris. This is particularly evident in the field of administration and particularly the administration of personnel. But this is also the case in many other fields, by virtue of an unwritten principle according to which a decision made in Paris presents more guarantees both technically and legally. Consequently, the classification and registration of a building as a historical monument and the deportation of a foreigner come under the central government, while in other nations, in identical cases, broad delegations of powers are granted to local officials.

Partitionment is very largely linked to the previous problem. Because officials working in outside agencies depend, for their position and advancement, on the evaluation made of them by the central administration to which they are attached, because ministries retain the power of bringing up and even making decisions on many dossiers, their natural tendency is not to accept the authority of officials in charge of coordination easily. This tendency is strengthened by the attachment of the prefectural corps to the Ministry of Interior, a ministry which, in the national administrative setup, appears to be just one more vertical structure.

Two proposals result from this observation: embarking upon a major movement of deconcentration whose implementation should be the subject of a program whose execution would be followed up by the prime minister; and giving an

interministerial character to the corps of prefects, placing it under the authority of the prime minister. An Office of Territorial Administration would be placed under the prime minister, along with the Office of the Budget.

b. Encouraging the Exchange of Information Between the National Government and Local Communities

In this field in which legislation cannot suffice, even though it does lay important foundations (such as the law on free access to administrative documents), what appears essential is for the preparatory work preceding and shedding light on decisions not be reserved to those making the decisions.

This principle should apply to elected officials also when decisions are made by national officials or are drafted by them and to civil servants when elected officials have the decision-making power. For the time being, the major portion of the effort is to be made by government officials, but in the future, when there is a more decentralized administration, elected officials must also make such an effort.

c. Increasing Citizen Participation

The debate on public affairs is not only the affair of government servants and the 500,000 elected officials. Nor must the reform of the territorial administration be limited to modifying the sharing of prerogatives between those enjoying power.

A real republic also requires the participation of the citizen.

In order to arrive at this result, it is useless to increase the number of advisory bodies. Using this recourse too frequently could lead to the proliferation of bodies in which everything is discussed and nothing decided.

Two reforms can create a new climate, however: election of the mayor by direct universal suffrage and the people's referendum.

Their procedures may be arranged based on different formulas but it is not yet fitting to choose any single one. The important thing is the adoption of these two principles.

The proposals of the socialist and communist government do not commit France to the path of a truly republican decentralization. On the contrary, the symbolic changes, combined with many contradictions, seem designed to favor a return to centralism which the planning and control of the socialist government will only expand.

The alternative proposed by the republican opposition would make it possible to escape this new outwardly liberal yoke and move toward a more effective administration that will be closer to the citizen.

SPECULATION ARISING FROM ANNOUNCED GOVERNMENT READINESS EXERCISE

Announcement Made, Others Planned

Athens TA NEA in Greek 2 Jun 82 p 4

[Text] The mobilization exercise--related to readiness against external danger--regarding the readiness of the armed forces, started shortly before midnight on Monday. Premier A. Papandreou observed it almost in its entirety. It was successful as both the government and the military leadership emphasized yesterday.

The exercise started specifically at 2345 hours Monday night and it is certain that it surprised even the chiefs of staff. Only ranking officers of the armed forces and the security agencies took part. No soldiers or petty officers participated.

The readiness exercise ended at 0400 hours on Tuesday but those who took part spent the entire night at the "Pentagon." These included the premier who stayed at the Ministry of Defense until 1000 hours in the morning. The emergency measures were relaxed later in the afternoon in the three branches of the armed forces.

The sudden exercise--the first without "warning"--have rise to several rumors, among which were:

- a. That there is a continuing Turkish provocation along the borders in the eastern Aegean;
- b. That there is some "internal anomaly" with "strange moves" by "droplets" [dictatorship remnants]...
- c. Of course, as the government categorically affirmed, nothing of the sort was involved.

Averof

The same assurance was given by the premier to the leader of the opposition and "New Democracy" chairman Evangelos Averof who sought out and was received yesterday by A. Papandreou.

Following the briefing, Averof said: "From what the premier told me, it follows that this was a readiness exercise similar to those we conduct occasionally. The premier assured me that the postponement of his visit to the Commando Training Center, where an exercise was scheduled, was due to the strong wind which made paratrooper jumps dangerous. (Taking advantage of the briefing, Averof--as he said himself--"expressed to the premier with harsh candor his views on the dangers he sees in the government foreign policies and the tactic followed in the sector of public administration.")

Similar Exercises Will Take Place Often

As government spokesman D. Maroudas said last night, similar exercises will take place at fixed intervals throughout the country or in certain areas. He added that the readiness exercise provided among other things the dispatching of liaison officers with the administrations of Greek Radio-TV [ERT], the Armed Forces Information Service [YENED] and Greek Telecommunications Organization [OTE]--which was done--as well as in taking security measures for the residences of the president of the republic and of the premier.

The spokesman further stated that the readiness exercise had no relation to the situation in the Aegean while a reliable source from the Ministry of Defense emphasized that the exercise cannot be connected to a violation of the Greek air space by a Turkish naval cooperation S-2 type aircraft which took place the day before in the Limnos area under severe weather conditions.

It is added that this violation by a propeller-driven aircraft and not by fighters--which are used for deliberate violations--is of no particular significance.

Justification Seen as Weak

Athens I KATHIMERINI in Greek 2 Jun 82 pp 1, 3

[Excerpts] Many points remain unexplained with regard to the military readiness exercise the other night which was observed by Premier A. Papandreou who spent Monday night at the "Pentagon." According to the official explanation the exercise was not related to any internal or external dangers; it was ordered in the context of maintaining the readiness of the armed forces. The suddenness of the exercise caused obvious concern among the public, increased by several rumors--as happens when information is poor or inadequate--about an attempt against the premier, a Turkish threat, etc. This concern was reflected by the unscheduled visit to Kastri of the opposition leader E. Averof who wanted to find out directly from the premier the reasons and the content of the exercise. Averof in a statement of his own repeated without comment the reassurances given by the government.

Political observers commenting on the government's explanations and the reaction of the opposition leader concluded that the concern of public opinion is not unjustified due mainly to the moment chosen by the government for the exercise.

Disturbing Coincidences

It is observed more specifically that by holding exercises at this moment [the government] could give the impression that it was related to the worsening crisis of the Greek-Turkish relations as well as to the deepening of the internal problems facing the government because of the rising wave of strikes. Papandreu himself alluded to this in his statement on the strike of bank employees, noting the critical aspect of the national questions.

Opposition leaders also observe that the "accidental" choice of the day for the exercise becomes less convincing since it coincided with the official visit of a foreign leader, Premier Mugabe, and also with the imposition of harsh restrictions on traffic in the capital which caused intense displeasure to the public.

In this spirit, the same opposition spokesmen conclude that the government either had serious reasons--which are not reaffirmed by its explanations--to order the exercise 2 nights ago or tried by this action to divert the interest of public opinion from our internal problems which have come up in the last few days.

Government's Version

The government spokesman said in response to questions that the premier observed the exercise almost through the entire night. The government, he said, has decided to hold such exercises either throughout the country or in one of its regions. Regarding the exercise 2 nights ago, the spokesman said that it took place at the level of ranking officers of the armed forces and the security agencies and that no soldier, sailor or airman took part in it.

The government spokesman gave no information about the "scenario" of the exercise, saying that "this is a matter for the armed forces." He explained only that the exercise was "directed against outside threat." He added that the result of the exercise was "absolutely satisfactory."

With regard to the measures taken to protect the premier's residence, the government spokesman said that they were part of the exercise. Premier and Minister of Defense A. Papandreu spent last night at the Pentagon where he arrived at midnight for the surprise readiness exercise which according to assurances made by National Defense Deputy Minister A. Drosogiannis was not related to internal or external dangers.

Specifically, in talking to reporters, Drosogiannis emphasized that no movement, not even a soldier alert, was ordered but only the immediate mobilization of the highest officers and their immediate associates.

He added: "The signal was given to the chiefs of staff around 2345 hours. [Drosogiannis] himself arrived in a patrol car at the Pentagon and the premier came a few minutes later. Immediately the chiefs of staff put into effect the plan of alert. It was followed by the mobilization of the High Military Command for the Interior and the Islands [ASDEN] and the Athens Military Directorate [SDA] which notified the lower units.

Although not provided by the alert plan, three officers (majors) were ordered to go to ERT, YENED and OTE as liaisons with the general staff. These three went by themselves without being escorted by any military policemen in order to avoid any misunderstanding.

No meeting took place under the premier's chairmanship, Drosogiannis emphasized, although he [the premier] stayed there all night and had breakfast with Drosogiannis before going back to Kastri. The deputy minister stayed in his office and continued his work.

But all this gave rise to various rumors which did not appear without foundation. One of the rumors "spoke" of a telephone call to Minister of Public Order Skoularikis that an assassination attempt against the premier had taken place, and another rumor that a coup had been planned but had not been launched. Other rumors connected the exercise to new Turkish violations in the Aegean. All these rumors, however, were denied by the Ministry of National Defense.

Preannouncements Urged

Athens I AVGI in Greek 3 Jun 82 p 5

[Editorial] Military exercises are usually carried out in remote or relatively uninhabited areas and are announced in advance through the news media. Why were not readiness exercises such as that of Monday night--at the level of ranking officers of the armed forces and the security agencies--announced in advance to warn the public of the unusual movements which were observed that night and naturally gave rise to many rumors?

It was natural that when the premier's house was surrounded by officers and there was a raid on ERT, YENED and OTE, these movements would call to mind in those who saw them the nightmare of the coup night in April [1967]. Even more logical was that these moves would be associated with the escalation of Turkish provocation in the Aegean and in Cyprus. The "readiness exercises" are good when they are real, that is, when they are tests and training for dealing more effectively with real situations. In this case we do not see why they should not be announced in advance; otherwise, they give rise to an orgy of rumors and assumptions in every direction.

Government Tactics Seen 'Strange'

Athens RIZOSPASTIS in Greek 3 Jun 82 p 2

[Text] Evading the justifiable questions caused by its attitude, the government is quietly "closing" the issue of the surprise "readiness exercise" which took place 2 nights ago in the Attiki basin. At the same time, however, it left open the possibility of similar operations when and where it considers it necessary...

This strange tactic strengthens the assumption that the "readiness exercise" at the moment it took place and the way it was done contributed in effect to the worsening of the climate of political tension caused by successive government actions especially with regard to the strikes of the working people. This

"coincidence" of the exercise with the flare-up of the strikes reveals that the "internal dimension" of the mobilization 2 nights ago related primarily to the mass popular movement which today is a target of the government's aggressive policy.

The Right

Political observers explained in this regard that:

a. The Right, in spite of its evident effort to utilize for its special interests the climate created by the government action, appears to have fully and essentially understood and supported the political objectives served by the exercise.

This support, as reflected in the Averof statement, is a serious new element in our political life which certainly is in harmony with other developments in main subjects of foreign policy.

b. The government, after allowing the most disparate rumors to fly regarding the objective of the exercise, intensified, with the subsequent statements of its spokesmen, the confusion and the questions of the public. Precisely this government activity does not seem to be unrelated to the very character of the mobilization.

Yesterday the government spokesman avoided any discussion on the subject, thus leaving open and unanswered the issues which have risen in one way or another.

Answers Needed

Athens RIZOSPASTIS in Greek 3 Jun 82 p 2

/Text/ The questions on the targets of the night exercise 2 nights ago--the "readiness exercise" as termed by the government--are increasing instead of diminishing. First of all, the imprecision used by the government spokesman "explaining" the exercise was strange to say the least. Second, the way the exercise developed (installation of colonels as "liaisons" in OTE, ERT and YENED, the participation of the leadership of the security agencies, etc.) in no way reaffirms the official version characterizing the exercise as an exercise of readiness "against a foreign threat." Then we have the moment chosen to have this exercise. The moment, in other words, when the opposition of the people increased against the Atlantic policy the government follows on the great problems concerning the country's national independence (NATO, bases, EEC, etc.) as well as against its pro-monopoly economic policy. Moreover, yesterday's headline in a pro-government newspaper which appears to reflect the views of highly placed government circles was very impressive: "SHOW OF STRENGTH, the night-long readiness exercise, and immediately AFTERWARDS..!" It is not possible, of course, to accept that this "show of force" was directed toward Turkey, that is, the external enemy. Nor can the people forget that a previous "readiness exercise" conducted under the "New Democracy"/regime/ had been ordered by NATO decision centers--as KKE charged before the Chamber of Deputies. Against whom, then, was this "show of strength?" The government must give a clearcut answer to the people. Only then will the serious suspicions be removed as to whether the exercise had targets connected to the domestic political situation and the opposition the government policy finds among the people.

Unnecessary Fears Rapped

Athens TO VIMA in Greek 3 Jun 82 p 1

[Text] Public opinion apparently was not at all upset by the exercise of military readiness ordered Monday night by the premier. Precisely this--not the exercise or the reasons for it--is what makes the opposition "worry," and try to pass on to the public its own "worry." This effort does not refer to the opposition leader. In his official capacity, E. Averof asked the premier for information; he accepted the information and hastened to make a statement that "it was a readiness exercise similar to those we, too, had several times."

Of course, they did it too--correctly--when it was proper, and not only at the level of high-ranking officers as in the exercise the other night, but also with large and small units of soldiers, sailors and airmen. In fact, it may be that the new government took too long, until just the other day, to order a readiness exercise--since the one the other day was the first in the 7½ months since it came to power.

What for, then is all this "fuss" for a second day? Is it possible that those who "worry," following their failure to pass on to the public their "worries," are trying now to pass them on at least to the leader of the "New Democracy"--who in turn does not seem to worry following his meeting with the premier?

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CSO: 4621/384

SIGNIFICANCE OF HAIG'S NATO POLICY STATEMENT ANALYZED

Athens BUSINESS & FINANCE in English No 195, 22 May 82 pp 6-7

[Article by George Ventry-Canning]

[Text] The visit of Secretary Haig, as well as the fall-out with the communists, seems to support the thesis that there is more bark than bite in PASOK's foreign policy.

Divergent trends seem to have marked the country's politics in the last week. In external affairs, with the main focus on NATO and on the European Communities, there have been signs of growing understanding and compromise. In internal affairs an increasing degree of uncertainty and some acrimony has been creeping in.

U.S. Secretary of State Alexander Haig visited Athens over the weekend and saw both the President of the Republic and the Prime Minister. As could have been expected his talks with Karamanlis had more of the nature of fulfilling protocol combined with renewal of a personal friendship while those with Papandreou got down to real business.

The outstanding issues at the moment where NATO is concerned are the future of American military bases in Greece, the Cyprus issue and Greek-Turkish relations.

Communiques issued after such talks seldom reveal their substance although, occasionally, they reflect the prevailing atmosphere.

On this occasion many feared they might hear that the conversations had been candid and had enabled both sides to obtain a clear picture of the situation which would have been the classic way of saying that they had agreed to disagree.

The word "candid" crept into the communique, but fortunately there was more to come. The Greek Prime Minister said after the meeting that he had been satisfied with its result because of the positive reaction by the American side to points raised by the Greeks. He added that both sides were now ready to begin talks on the future of American bases in Greece. No date for commencement of such talks was mentioned and the absence of any apparent haste to get them under way is in itself an advantage.

It had never been the intention of either party to seek final solutions to outstanding problems during these talks, but they do appear to have cleared much of the brushwood out of the way for the talks which the Greek Prime Minister is likely to have in Bonn in three weeks time with President Reagan. As a fortunate coincidence with this visit or as dexterous timing on the part of the U.S. Government, came a report from Washington that U.S. military aid to Greece was being increased to bring it up, once again, to the 7 to 10 ratio to aid supplied to Turkey. It was reported at the same time that subject to Congressional approval, the Pentagon had decided to supply Greece with 32 "Harpoon" guided missiles for use against surface craft.

As regards the European Communities, Costas Simitis, Greece's Minister of Agriculture, returned from Brussels from a meeting with EC colleagues with indications that the EC had come a long way toward meeting most of Greece's more pressing demands. The big question had been the plight in which Greek farmers could find themselves if, with a 24% inflation in Greece during 1981, the farm product price increases approved by the EC had been equally based for everyone on the EC average inflation rate which has been less than half that of Greece. As matters turned out and, subject to ratification by the governments of member-states, the EC recognized a special rate of increase close upon 20% for a series of Greek farm products, according to official announcements. The opposition is claiming, however, that this is not exactly the case. In a carefully prepared and apparently accurate statement, Athanasios Canellopoulos, a former Minister of Finance and of Agriculture in the previous government, claimed that the price increase was only 10.7%, in line with that granted to all other countries. He also claimed that the 3.5% increase for some Greek products was nothing more than the implementation of agreements already reached by the previous government in December 1980 and in April 1981.

On top of this one should note that the green drachma will be devalued by 5.5%, which in effect is an expenditure that the Greek economy will have to cover rather than the Community. In addition, claimed Canellopoulos, the devaluation of the green drachma has in effect been forced on the government because of the devaluation of the drachma itself. To this extent it is rather difficult to accept on its face value the claim of Simitis that the EC has recognized and acted on the special status of Greece, at the government's insistence. The claim to victory rings rather hollow indeed.

Internally, the political situation is less satisfactory. Harilaos Florakis, leader of the Greek Moscow-orientated Communist Party (KKE), has been visiting Cyprus where he made disparaging remarks about Prime Minister Papandreou. These had followed remarks in a similar tone made by AKEL, the Communist Party of Cyprus, now supporting the Cypriot President Kyprianou on the strength of an agreement signed between them recently. Kyprianou has neither denounced nor dissociated himself publicly from either of these abusive statements. Understandably this has annoyed Prime Minister Papandreou, who barely a month ago was in Cyprus on a state visit and was warmly welcomed by all sections of the population and subjected to the usual embraces and compliments by its leaders. The mouthpiece of Greece's ruling PASOK's party, Exorimissi has attacked Kyprianou on this score.

Closer at home, the rift between PASOK and the KKE can be seen in accusations by the latter that the Greek government is going back on several of its election promises. These accusations are finding practical expression in a change in behavior among the trade unions, many of which, with what might be described as the blessings of the ruling party, have passed into the hands of communists in the last few months. This policy of having helped to weaken the former right-wing elements in the trade unions is beginning to boomerang on the government.

All workers in motor transportation and electric trolley-bus services came out on a 24-hour warning strike this week, as did the maintenance and repair staff of all electric lifts. The powerful ADEDY (Confederation of Civil Servants Unions) has decided on strike action and has served the first notifications to this effect required, in their case, by law.

Meanwhile, the bill concerning revision of Law 1116/81 on investment incentives to private enterprise has only just begun to be debated in Parliament and so, at best, it cannot be passed, gazetted and become known to the business world much before June. Only then, when businessmen know where they stand, can any serious firm submit worthwhile investment proposals and, obviously, they will require some months if these are to be properly studied and calculated. If this were all, it would be bad enough in itself as regards delay to much-needed new investment by the private sector. Unfortunately, there is also pending before Parliament a bill to replace another recent law enacted by the predecessor government on labor relations. The name given to this bill, "the anti-330 Law," is enough to reflect the spirit which permeates it. The Federation of Greek Industries and other employers' associations feel that it is so drastically biased in favor of the workers as to render businesses almost unmanageable. The result is that even if the bill on incentives finally gets through Parliament in a manner holding out a degree of promise for would-be private investors, the other bill, if passed approximately in its present form, would be enough to drive away even the boldest.

Under these circumstances, there is considerable doubt as to the real chances of any worthwhile investment by the private sector. However, in all fairness, it is not right to go out halfway to meet trouble. There is always a possibility that more sober thoughts in Parliament may shape both these pieces of new legislation in such manner as to make conditions secure and workable for all sides, and the picture could then change radically.

The provisions that are considered more objectionable as far as the new labor law is concerned are the following: The elimination of the obligation to conduct a secret ballot when a decision to strike is taken; the fact that even a 10-man "factory committee" can bring a firm to a standstill on no other grounds than its expressed sympathy with the plight of striking workers in, say, Argentina; the obligation of the employer to collect union dues by withholding them from the workers' pay; the fact that all workers are automatically considered union members unless they expressly declare in a signed statement that they do not wish to join the union. And finally, the obligation of employers to hire back workers dis-

missed under the provisions of Law 330 even if there exists a final court decision that upholds the firing. One should also add that the fines provided for in the new law, in the case that employers do not follow the letter and the spirit are so high that the imposition of a fine just once can be enough to create serious economic problems for the firm.

Both the Minister of Coordination and the governor of the Bank of Greece seem to be persons with their feet firmly on the ground. The latter said recently that GNP growth, at constant values, should be sought for 1982 at the modest rate of not more than 1% to 2%. In this connection, he added that collective labor agreements should not embody pay increases exceeding margins set by the government in its incomes policy. Arsenis felt it was an entirely feasible objective, provided the economy was properly disciplined. Without being an oversimplification, what he said was that the country had been living beyond its means but still had enough leeway in which to pull itself together in time. It is this side of the government's pronouncements which caused KKE to accuse it of having violated earlier election promises. Also it is true that these are the views of the "rationals" in the government, while those of the "radicals" can be expected to lie much closer to those of KKE. What remains to be seen is if they will manifest themselves while the bills are being debated.

CSO: 4600/563

LAMA ASSAILS 'EXTREMISM' OF CONFINDUSTRIA

Rome LA REPUBBLICA in Italian 14 May 82 pp 1, 5

[Interview of CGIL Secretary Luciano Lama by Giampaolo Pansa]

[Text] Rome--"Let's tell it like it is," said Luciano Lama. What has developed is not only a struggle over contracts and the sliding scale. Confindustria has issued a challenge, a challenge of strength: It wants to turn back the country's history, it wants to go back to before the autumn of controversy.

Yes, the owners want to command in the factories and in society like they once did in the past. This is why Merloni and his hawks are issuing this call to arms to the ancient troops, the troops of preservation of the past. However, they should not have any illusions. We will not turn backward."

[Question] Lama, isn't this therefore like a wall against a wall?

[Answer] "Yes, but not by choice of the trade unions. Confindustria may have received some assurances, some guarantees from within certain political groups or within the government."

[Question] Were you thinking of an element of the Christian Democrats?

[Answer] "Well, it is possible that Minister of Industry Marcora himself may have given some assurance. As for the Socialists, I think not. The Socialist ministers all hold a critical view of Confindustria's extremism."

[Question] Yet, why do Merloni and his people behave like hawks?

[Answer] "There are various reasons. The first is that they want to get the sliding scale under discussion. They regard it as a trophy to be won at all costs. Yes, they want to destroy the only effective shield of the lowest salaries. They do not have the courage to say that they want to reduce the purchasing power of salaries, but that is really their objective. Only Mandelli is frank enough to say so. This is what almost all the owners want. And not only that."

Political Uncertainty and Economic Crisis

[Question] What other objective do they have?

[Answer] "There is another even more important one. In this stage of economic crisis, political uncertainty, and search for new equilibria, Confindustria is trying to regain power; power in the factory and power in society. The owners want to go back to the situation before the profound changes begun in 1969, when not only were the salaries lower, but the owners carried greater weight in the factories and in the country."

[Question] In effect, are they also seeking a new "equilibrium."

[Answer] "New? I would say old, rather. During the 1970's the pressures on the scale shifted in favor of the unions, of the forces for change. The owners are now trying to shift the weights back in their favor. I ask, however: If this happened, would Italy be going forward or backward? I say it would be going backward. That is why the unions must not be left alone to wage this struggle."

[Question] However, you also have made your mistakes.

[Answer] "I know it. We do not always see things in the right way, and we do not always choose the most suitable course. However, from 1969 on, progress was made, correct? They were years of economic and cultural growth, of new horizons for everyone, of greater freedom. It is true that some alarming phenomena emerged: terrorism, for example. However, these are the dregs of a evolution, or really attempts to halt the process of change."

[Question] Therefore, you do not want to turn backward.

[Answer] "No, we do not wish to, and cannot, turn backward. We want a meeting over our demands. Confindustria maintains that our demands are excessive in relation to the burdens they have assumed in the struggle against inflation. Alright, then let every category have its meeting and we will see what the truth is about the situation. I repeat, we would like to discuss the relevant issues in a rational and reasonable manner: reduction in working hours, recognition of professional status, organization of labor in the factory, and shop contracts. We would like to achieve these measures without exceeding the maximum level of 16 percent. However, this much we do want to get. And we want one other thing..."

[Question] What?

[Answer] "To have a role as trade unions in the process of reconversion and restructuring which is underway everywhere, and at an accelerating pace. If we leave this in the hands of the owners there will be two results: exploitation of the survivors, the workers who remain in the factory; and discharge or temporary status for the excess workers.

'They Are Trying To Exclude Us'

[Question] So, you yourselves also want to control these processes?

[Answer] "Yes we want to control them. Moreover, at Pirelli, Alfa Romeo, and Ansaldo we have arrived at genuine and appropriate production contracts, beneficial to all. However, the Confindustria hawks are trying to exclude us. But

we are not going to allow it to happen. We want to have dealings with Confindustria. It is important, certainly, that Confapi, for example, is prepared to negotiate. However, Confindustria is our real counterpart, and we would not think for an instant of settling for less than negotiating with that counterparty."

[Question] And then?

[Answer] "Then we will try to make Confindustria understand that extremism, the wall against the wall, does not benefit even the owners. Incidentally, their front is not even united. It is not only Orlando, De Benedetti, or Artom who disagree with the hawks. Some of the large companies also fear direct confrontation. In sum, there is some uncertainty within the owners' line-up, an uncertainty which is an indication of some thought and political intelligence. We must, within a few weeks, succeed in convincing the hard liners, and open discussions with Confindustria. We must make them understand that a confrontation would be dangerous for the country."

[Question] Why would it be dangerous?

[Answer] "But isn't that clear? Think what is involved; confrontation for weeks or months, in this already rather serious stage of economic crisis, with tension, strikes, and social struggle? Everything would become more serious, from all aspects. Then there is the relationship to the political situation."

[Question] How do you view the situation on this side?

[Answer] "Worrying. We trade unionists need to urge on the forces of change. A policy of change is the product of pressure which begins on the Left. However, with only the Left, and an isolated Left, it is very difficult to envisage genuine reforms. Confindustria's current tactic is to make the two sides more rigid and to intensify the differences in positions. This is why Merloni and his people have issued their call to arms to all who want to keep things as they are. Also, they are trying to benefit from the confused context of crisis among the governing parties."

[Question] Yet, the crisis seems to have been averted.

[Answer] "I would say postponed. The government parties are waiting for the law on liquidations and the results of the 6 June administrative elections. Then, who knows? They will come out with an explanation, and then... Meanwhile, tension has the upper hand. In a few hours, on Friday morning, we will go to a meeting with the government on employment. However, the prospects are not positive. Thus far we have only been able to meet with the Socialist ministers."

[Question] How about the Christian Democratic ministers?

[Answer] "They did not show up. However, even the Socialist ministers presented to us proposals which were the product of an economic policy which was unsuitable, without promise, and without guarantees for the future. They reeled off statistic after statistic, that was all. They think they are again going to

propose Gioia Tauro for the south. They have been proposing Gioia Tauro for 10 years. I also used to believe in Gioia Tauro, but whoever does so today is simple-minded."

[Question] And then?

[Answer] "We will consider the entire unitary directive of Monday 17 May. However, the struggle decisions are by now necessary, inevitable. We seek three very clear objectives: increased employment, establishment of contracts, and defense of salaries. If positive answers are not forthcoming, we will have to undertake our struggle. Here, I would like to tell the Socialists one thing: If the PSI really wants reform, it can be assured that trade union actions will provide support for its policy."

Merloni's Thesis

[Question] You talk about a hard struggle. However, do the trade unions today have the strength for it?

[Answer] "Yes, we have the necessary strength. However, we must clearly realize that it will not be a matter of days, it will not be a simple push with the shoulder. It will be a long struggle. And we will have to husband our strength wisely. When you are involved in the 42-kilometer marathon, your take-off cannot be the same as for the 100-meter sprint. You must get in the right stride and show the ability to endure. The goal is very difficult, partly because we must strive to hold together the two Italies, the one which has work, and the other which does not. Also, we must avoid two mistakes."

[Question] They are?

[Answer] "Not to accept the false thesis of Merloni that giving work to the unemployed requires reducing the salaries of the employed. Nor must we accept the second thesis, just as false, that the only way to protect the purchasing power of the employed is to abandon the South to its fate, to let it make its own way, to let it go to hell."

[Question] A fine puzzle, Lama.

[Answer] "I said it would be a difficult struggle, one which we hope to win."

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CSO: 3104/218

UNION OFFICIAL DISCUSSES HIS RESIGNATION FROM CGIL

Rome LA REPUBBLICA in Italian 26 May 82 p 29

[Interview of Valeriano Giorgi, former assistant secretary of the builders union, by Vittoria Sivo]

[Text] Rome--Valeriano Giorgi, 40 years old, a Socialist, and until a few days ago assistant secretary general of the powerful Building Workers Federation, has resigned from the CGIL. After having been a trade unionist for almost 20 years, he has decided to leave because he is "fed up and cannot stand it anymore."

[Question] Girogi, this is the first time anyone has left an important trade union job without going on to some related activity in the CGIL or in his party. What will be your new occupation?

[Answer] "I do not know yet. I am, as they say in trade union jargon, mobile. That is, unemployed."

[Question] Then you could not have waited for a few weeks or months?

[Answer] "I had decided that the deadline would be the renewal of the builders' work contract. I did not feel like directing the dispute."

[Question] Why?

[Answer] "Because you cannot continue for years as an isolated minority without becoming a caricature. My position had been difficult for some time. I am leaving before it becomes impossible, or ridiculous."

[Question] I would like a fuller explanation.

[Answer] "Here it is: I favor a readjustment of the sliding scale, and regulation by law of the right to strike, at least in public utility services. A year ago I was in favor of 'triangular' negotiation among government, companies, and trade unions to discuss cost of labor and productivity. I favor a co-management approach, I favor having a union accept the rules of the game. This should be a kind of social pact. I have gone through the list of all the major "heresies" which an Italian trade unionist can be accused of. I was able to say all these things publicly, and not only at our internal debates, as long as

things were going relatively well for the union. However, now that things are not going well I no longer feel like stressing the errors."

"Never Been Hissed in Public"

[Question] In view of the recent cases of noisy disputes directed against trade union leaders, would you say that moderates are undergoing hard times?

[Answer] "Perhaps those moderates who only a few years ago were in favor of permanent conflict. For me, as one who has always been moderate, there have been no problems of this kind. 'Never been hissed in public.'

Never sudden argument. Except for the furor raised by the Fillea Communist leaders at our latest congress when the duties of our secretariat were renewed."

[Question] When did you decide that you could no longer remain in the union?

[Answer] "My first real moment of crisis was in 1979 when the CGIL rejected the so-called European turning. In the confederation, there followed 2 years of paralysis between formal loyalty to the European line and being dragged along by every revengeful initiative. This was the beginning of the long stage of hypocrisy: strikes which were not successful but described as doing well. The movement was splintering while the slogan word was unity. The number of members was declining while it was being said that support was increasing under the impetus of the increase in membership cards to pensioners."

[Question] Was that the famous straw that broke the camel's back, if there was such a thing?

[Answer] "It was perhaps the time of the earthquake in Irpinia. It was a bad affair in which the union demonstrated all its foolish ambition, shilly-shallying, and lack of pragmatism. I proposed the immediate formation of a committee together with the building constructors and the cooperatives. I will not recount all the details. Would you believe it: I was told by my union colleagues that they could not dirty their hands with the 'owners.' The major result that we achieved in the end was to substitute the word 'revival' for the word 'reconstruction.' And because we could not 'dirty our hands,' we left this 'revival' to be carried out by the foul methods of the Mafia and Camorra."

Faults of the Cadres

[Question] In your opinion, which leaders of the CGIL are worth keeping?

[Answer] "Luciano Lama, always, and Agostino Marianetti in recent years. They are the only ones keeping it on its feet. Then there are a number of fine trade unionists who are serious and rational but who are strongly affected by the poisonous atmosphere within the union. This is primarily the fault of the middle-level cadres."

[Question] What are these faults of your middle-level cadres?

[Answer] "They have become an impermeable layer which does not permit exchange of ideas. They are the ones who have to justify, at all costs, their role as the 'avant-garde.' A whole generation of trade unionists has for years become accustomed to pedaling downhill, while the trade union continued to be applauded even when it was making glaring errors."

[Question] I gather that a person in his 40's like yourself does not belong to the same generation as the leaders who came into the union after the surge of 1968.

[Answer] "No, I came in in 1964 when I was sent by the PSI to the trade union in Ancona, at a time when the Socialist element in the CGIL had been reduced to a minimum because many had gone over to the PSIUP."

[Question] In regard to the PSI, don't you consider that your party has also had a heavy responsibility for the trade union problems in the last few years?

[Answer] "Certainly. Instead of concentrating on the revisionism of the PCI, the Socialists have often performed their fancy sprint to the Left, following the old principle of beating the Communists by accusing them of being too moderate. If all the general strikes called for by the Socialist leaders of the CGIL and the UIL had been carried out, Italy would today be an agricultural-pastoral society, with its industry dead and buried."

[Question] And today, how about Craxi's PSI?

[Answer] "Today, the PSI has clearly made the choice for a trade unionism of the Western European variety. It is no longer the uncritical and unconditional supporter of every decision by the union. People are talking about co-management, regulation of the right to strike, etc."

[Question] Yet you have left the CGIL and the union anyway?

[Answer] "Yes, I am fed up with all these jargon terms--the new development model, the sector plans, the right to training, the right to information--and all the prohibitions and 'no's' concerning the sliding scale, strikes, three-party meetings, or mobility, as well as the contorted language, in which every phrase cancels part of the preceding one, and the final result adds up to zero."

[Question] Could you be described as a "repentant" trade unionist?

[Answer] "Not at all. I would hate to have to put up with being surrounded by people who are sorry too late for things said or done in the past. If I have given you the impression of having left with bitterness or rancor, then I have given you a wrong impression. I am quite calm. As a trade unionist I also enjoyed myself, I had some satisfactions, and I had a fine relationship with the workers. Now I consider this chapter of my life to be closed."

DEN UYL TO LEAD LABOR PARTY IN ELECTIONS

The Hague ANP NEWS BULLETIN in English 9 Jun 82 p 1

[Text] Amsterdam, June 9--Former Social Affairs Minister Joop den Uyl last night announced he is prepared to lead the Labour party into the September 8 general elections but that he plans to quit active politics within the next four years.

He told a press conference he would not return in any post-election cabinet as an ordinary minister but that he did not rule out a return as prime minister.

He admitted however that the latter was only a remote possibility in the light of the existing political balance of power.

The Labour party executive has endorsed Mr Den Uyl's candidacy as labour's leading election candidate. The final decision now rests with the Labour party congress to be held on July 10.

The Labour leader announced he planned to leave active politics at 'an appropriate time' during the four-year term of the next cabinet.

Kok Into Politics

He said he had had a long series of talks with various people on his possible departure from active politics in the past few weeks. Among them were FNV Trade Union Federation Chairman Wim Kok, who planned to stay on in his present post until some time in 1984 when he would be available for active politics.

Mr Den Uyl said it would be of great importance for Dutch politics and for the Labour party if Mr Kok were to start playing a role in national politics.

Mr Den Uyl, who will lead his party into the election for the sixth time since he first did so in 1967, said he would be 'less in the field' during the election campaign than in previous years.

His main task would be to win back the confidence of Labour voters who did not go to the polls in the past few elections. Much of his other work would be taken over by former Labour cabinet ministers.

Mr Den Uyl also announced that former Education Minister Dr Jos van Kemenade had reversed his decision to seek a university job and had decided to return to the second chamber.

Former Culture Minister Andre van der Louw, who also said some time ago he planned to quit active politics for the time being, had not yet made a final decision, he added.

Mr Den Uyl said he had decided during the second chamber elections in May last year not to return for the fifth time as Labour's campaign leader.

However, the new elections had come surprisingly early and no successor had been appointed as yet, he said, adding he had found during the past few weeks that this could not be realised within such a short time.

CSO: 3120/67

SURFACE MISSILE EXERCISE HELD IN GREECE

Exercise Announced

Athens AKROPOLIS in Greek 3 Jun 82 p 14

Text A surface to air "Aspide"-type missile will be fired from the frigate "Elli" today in the sea area of Crete.

The "Aspide" guided missile is one of the frigate's weapons systems and is considered one of the most sophisticated anti-aircraft missiles. It can hit targets 20 kilometers distant with absolute accuracy. This guided missile is tried out for the first time within the framework of our fleet's maneuvers. It will be directed against an airplane guided by remote control which will take off from Crete's Firing Range. Each such missile costs \$300,000.

This initial launching will be watched by Navy Chief of Staff Vice Admiral Pappas, Fleet Commander Vice Admiral Giongezas and observers from Holland's Navy.

Both Pappas and Giongezas will board the frigate "Elli" today.

Success Applauded

Athens AKROPOLIS in Greek 4 Jun 82 p 1

Text The launching of the anti-aircraft guided missile "Aspide" from the frigate "Elli" against a remote controlled aircraft which had taken off from Crete's Firing Range met with absolute success.

The aircraft was hit over a sea area 15 kilometers from the frigate "Elli" which was moving at a speed of 25 knots. The missile's speed is approximately 3 Mach and it has a range of 20 miles. It costs \$300,000. The launching took place within the framework of our fleet's maneuvers and was watched by Navy Chief of Staff Pappas and Fleet Commander Giongezas who were aboard the frigate "Elli."

The exercise is part of the maneuvers for maintaining the combative ability of our fleet.

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CSO: 4621/386

EAV CHAIRMAN SPEAKS ON FUTURE PLANS, FOREIGN CONTRACTS

Athens I KATHIMERINI in Greek 4 Jun 82 p 11

[Interview with EAV Chairman, Professor Dimitris G. Papanikas: "EAV's 5-Year Plan Aims at Developing Aeronautical Technology"]

[Excerpts] The Greek Aircraft Industry [EAV] is Greece's biggest war industry and one of the newest and most modern. Its plant at Tanagra, about 70 kilometers from Athens, includes impressive installations suitable for applying high-level technology in aircraft building, conversions and repairs. EAV today meets all repair needs of war aircraft and engines and together with the orders from abroad is on the way to international recognition. In the context of the broader political change and particularly of Defense Minister Andreas G. Papandreu's [interest] in the area of procuring war materiel in conjunction with using to best advantage EAV's efficiency, the company is charting a new path of development and it has already laid the foundations for strategic development planning for the future. The prospects for the future, the requirements needed and the difficulties faced are discussed in the following interview with EAV chairman, Professor Dimitris G. Papanikas:

Question: What is the situation you found when you assumed duties (in the area of EAV activities, management, personnel, etc.)?

Answer: The situation we found following the victory of Change [PASOK] on 18 October 1981 was characterized by the accumulated problems which had become chronic as a result of the past administration's indifference and which had become acute especially during the preelection year 1981.

The new administration coped immediately with this situation and made improvements such as: the production related to programs of the armed forces is the biggest ever; the production related to foreign programs concerning repairs and building has improved considerably; the agreements signed the last 5 months assure increased production compared to last year; administrative improvements have been made and the management-personnel relations were restored through implementation of the government policy and the rehiring of the fired unionists; the relation between the direct and indirect productive personnel was improved; foreign personnel was

reduced significantly and its cost will be substantially smaller in 1982; know-how was transferred to the Greek personnel at a faster rate; the foundation was laid for a better distribution of spare parts; a research and development department is being set up because the feasibility exists for the development of EAV aircraft building systems.

American Companies

Question: What are the critical problems you are facing?

Answer: EAV faces many problems inherited from the previous administration but some of which, however, are intertwined with the nature and the objectives of the company. The original planning of the company was influenced greatly by the American companies which later undertook to build its plant. The Greek technical capabilities, the needs of the domestic and foreign market and the size of the company were not properly assessed. The exceedingly broad production spectrum, the large investments for completing it, the poorly programmed personnel development, the great demands in technical means, in technology and specialized personnel are creating problems today which can be coped with only through responsible long-term programming. Thus, our main problems today are the financial and economic, the securing of orders commensurate with production capabilities and the qualitative and quantitative composition of personnel. More specifically, the previous government let EAV assume foreign loans exceeding 300 million dollars without providing public financing beyond the original capital of 1.8 billion drachmas. The company grew in installations and personnel without at the same time securing the necessary volume of orders. In November 1981, for every working person in production there was almost one backup employee, a ratio which is unacceptable in a plant of technical production.

Question: What new (short-term and long-term) programs are you preparing?

Answer: The new administration council, after analyzing the situation it inherited and the prospects in the aircraft building sector in Greece, worked out the basic plans for a new developmental policy which is clearly stated in the program of the 1982 objectives and the strategic planning of the 1983-87 5-year period.

Thus, the 1982 objectives assure the completion of the air force programs, maximize the productivity and the utilization of the company's labor force and minimize the new investments. They improve the organization of the company, the management and production procedures and are based on austere planning. They lay the foundation for the first time for the development of a domestic aircraft manufacturing technology with particular emphasis in applied research and development. They envisage the drafting of a strategic plan for the next 5 years which will be based on the needs of the armed forces and the possibilities of the domestic and foreign markets. This plan will be based on special analyses of the market, personnel, economic demands and the national needs. It must make full use of the possibilities of the Greek technical force and assure the effusion and assimilation of foreign know-how with the modern development of Greek technology and Greek innovations. Also, it will be part of the national programming and will consider the possibilities of the counterbalancing contributions from state procurements. Furthermore, it is possible to envisage developments based mainly on the capabilities of the company and of the space for aircraft repairing and building.

The repairs sector needs to be improved in order to ensure with certainty once and for all the national needs and to exploit the market, especially in the Mediterranean area and the third world.

The activation in the building sector must respond to the technical capability and ability of the company and of the Greek technical force. At the same time, appropriate economic guarantees and moderate technological demands must be safeguarded. Any future development which would lead EAV to economic deadlocks and would renew its dependence on foreign technology must be completely ruled out.

EAV will build the first Greek aircraft (trainer) for the air force. In addition, it is possible for EAV by assimilating foreign know-how to develop and build aircraft building systems, transport aircraft and helicopters as well as electronic and visual-electronic systems for the armed forces.

Question: What domestic and foreign orders have you received?

Answer: EAV has signed many important agreements abroad. The orders from abroad derive mainly from three sources: first, from the counterbalancing of load about which I spoke to you earlier. For instance, such is the construction of the frame of the airbus doors--a 13-million-dollar order. In this category also belong the orders we received from Dassau [transliteration] for Mirage and Canadair parts. Another source is the international bids. In this category we have the engine repairing of the American Air Force in Europe valued at 18 million dollars. Finally, we have the projects we assume through open negotiations with concerned parties such as the construction of sections for the Italian airplane G-222, the repair of Egyptian transports, the repair of engines for Jordan, et al. However, the greatest part of orders comes from the Greek Air Force and EAV's main objective is to ensure the timely and qualitative repair of this materiel thus contributing decisively to the preservation of the air force's fighting ability and of the national independence.

Question: What cooperation do you foresee with foreign companies, in what sectors will such cooperation be extended and what will EAV's international competitiveness be?

Answer: Naturally EAV has contacts and cooperates with almost all companies manufacturing aircraft materials. Since it is the only aircraft industry in our country it is very natural that it should be the only agent for such cooperation. After my 6-month experience as EAV chairman, I can give the assurance that EAV enjoys high esteem internationally as few of its competitors do. It is of course more difficult for one to maintain such recognition if he does not earn it initially. However, the entrepreneurial policy and the developmental strategy of EAV's new administration and the policy of the premier and defense minister in the war industry sector are guarantees for such recognition.

At the same time, there is need for continuous devotion to our obligations, to the quality of the product, to deadlines, to everything. The new administration will not allow anyone to endanger EAV's competitiveness which is its major weapon in the international market.

Who Is EAV's Chairman Papanikas

Professor Dimitris G. Papanikas, EAV's chairman, was born in 1938 in Akharnes of Attiki. He studied mechanical engineering and majored in aeronautics at the Polytechnic Institute in Aachen, Germany, graduating in 1963. In 1969 he studied economics at Cologne University and in 1972 earned his Ph.D. in engineering at Aachen Polytechnic Institute. He worked for 3 years as a researcher in the same Polytechnic Institute and from 1964 to 1975 as scientific collaborator-researcher at the Institute of Applied Aerodynamics of the German Center for Aviation and Space Science. Since 1975 he has been a professor at the Polytechnic School of Patrai University, in the chair of applied fluid mechanics. For 4 years (1977-81) he served as special scientific collaborator at the Aviation Technology Research Center.

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BRIEFS

ALLEGED BRITISH USE OF CYPRUS--In the framework of the overall "Atlantic Solidarity" with London's colonial policy, the Greek government is now providing "accommodations" to British aircraft destined for the Falklands. Four airplanes left the British bases in Cyprus and stopped to refuel at a Crete airport. They are scheduled to leave for Italy and London with the Falklands as their final destination. It is not known if similar "accommodations" were made available in other cases, in addition to the one mentioned above. [Text] [Athens RIZOSPASTIS in Greek 4 Jun 82 p 17 7520

EXPENSES FOR NATO CRITICIZED--Crete's Firing Range [PVK] is being modernized and made fully ready to welcome the NATOists. It is characteristic that in 1 month alone, in February, the government spent the colossal sum of 845,900,000 drachmas for PVK's "operational expenses!" The above is included in the official report the Finance Ministry issued in connection with the implementation of the 1982 state budget which provides for a smaller amount by 12.8 percent for such PVK expenses during the whole of 1982. Specifically, the budget prepared by the government and approved by PASOK's majority provides 750 million drachmas for PVK expenses for the entire year. As is known, the PVK expenses are part of the Defense Ministry's budget account "Obligations to the North Atlantic Treaty." It should be noted that while the money was spent in February, Premier Papandreu, speaking on 21 March to the First Panhellenic Congress of Agrarian Societies, said that "not a dime will be spent for NATO..." According to reports, on the other hand, PVK hired additional hands recently for finishing the project in order to comply with NATO agreements and to meet deadlines. [Text] [Athens RIZOSPASTIS in Greek 2 Jun 82 p 17 7520

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